

BUCKET
NAVAL
MONTREY, CALIFORNIA 93943-5002

GRADUATE SCHOOL

NAVAL POSTGRADUATE SCHOOL

Monterey , California



THESIS

A Dictionary of Acquisition and Contracting Terms

by

Russell G. Roe

December 1991

Thesis Advisor:

David V. Lamm

Approval for public release; distribution is unlimited.

T258535

REPORT DOCUMENTATION PAGE

Form Approved
OMB No 0704-0188

1a REPORT SECURITY CLASSIFICATION Unclassified			1b RESTRICTIVE MARKINGS		
2a SECURITY CLASSIFICATION AUTHORITY			3 DISTRIBUTION/AVAILABILITY OF REPORT Approved for public release; distribution is unlimited.		
2b DECLASSIFICATION/DOWNGRADING SCHEDULE					
4 PERFORMING ORGANIZATION REPORT NUMBER(S)			5 MONITORING ORGANIZATION REPORT NUMBER(S)		
6a NAME OF PERFORMING ORGANIZATION Naval Postgraduate School		6b OFFICE SYMBOL (If applicable) 36		7a NAME OF MONITORING ORGANIZATION Naval Postgraduate School	
6c ADDRESS (City, State, and ZIP Code) Monterey, CA 93943-5000			7b ADDRESS (City, State, and ZIP Code) Monterey, CA 93943-5000		
8a NAME OF FUNDING/SPONSORING ORGANIZATION		8b OFFICE SYMBOL (If applicable)		9 PROCUREMENT INSTRUMENT IDENTIFICATION NUMBER	
8c ADDRESS (City, State, and ZIP Code)			10 SOURCE OF FUNDING NUMBERS		
			PROGRAM ELEMENT NO	PROJECT NO	TASK NO
			WORK UNIT ACCESSION NO		
11 TITLE (Include Security Classification) A DICTIONARY OF ACQUISITION AND CONTRACTING TERMS					
12 PERSONAL AUTHOR(S) Russell G. Roe					
13a TYPE OF REPORT Master's Thesis		13b TIME COVERED FROM _____ TO _____		14 DATE OF REPORT (Year, Month, Day) November 1991	
				15 PAGE COUNT 115	
16 SUPPLEMENTARY NOTATION The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or U.S. Government.					
17 COSATI CODES			18 SUBJECT TERMS (Continue on reverse if necessary and identify by block number)		
FIELD	GROUP	SUB-GROUP	Acquisition and Contracting Term Dictionary; Dictionary; Definitions		
19 ABSTRACT (Continue on reverse if necessary and identify by block number) This thesis is part of a joint research project between students of the Naval Postgraduate school in Monterey, CA and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Dayton, OH. The purpose of the research is to establish working definitions for commonly used contracting and acquisition terms and phrases. Twenty five terms were selected from a master list compiled by previous researchers. Contracting literature and regulations were researched to identify published definitions. The published definitions were used to develop a synthesized definition for each of the twenty five terms. The synthesized definitions were submitted to contracting professionals for examination. The acceptability of proposed definitions was based upon consensus and the input from respondents was used to develop a refined definition.					
20 DISTRIBUTION/AVAILABILITY OF ABSTRACT ☒ UNCLASSIFIED/UNLIMITED ☐ SAME AS RPT ☐ DTIC USERS				21 ABSTRACT SECURITY CLASSIFICATION Unclassified	
22a NAME OF RESPONSIBLE INDIVIDUAL David V. Lamm			22b TELEPHONE (Include Area Code) (408) 646-2775		22c OFFICE SYMBOL AS/LT

Approved for public release; distribution is unlimited.

A Dictionary of
Acquisition and Contracting Terms

by

Russell G. Roe
Lieutenant Commander, Supply Corps, United States Navy
B.B.A., Morehead State University, 1979

Submitted in partial fulfillment
of the requirements for the degree of

MASTER OF SCIENCE IN MANAGEMENT

from the

NAVAL POSTGRADUATE SCHOOL

December 1991

David R. Whipple, Chairman
Department of Administrative Sciences

ABSTRACT

This thesis is part of a joint research project between students of the Naval Postgraduate School in Monterey, CA and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Dayton, OH. The purpose of the research is to establish working definitions for commonly used contracting and acquisition terms and phrases. Twenty five terms were selected from a master list compiled by previous researchers. Contracting literature and regulations were researched to identify published definitions. The published definitions were used to develop a synthesized definition for each of the twenty five terms. The synthesized definitions were submitted to contracting professionals for examination. The acceptability of proposed definitions was based upon consensus and the input from respondents was used to develop a refined definition.

12313
R6755
c.1

TABLE OF CONTENTS

I.	INTRODUCTION	1
	A. BACKGROUND	1
	B. SCOPE AND ASSUMPTIONS	2
	C. RESEARCH QUESTIONS AND BENEFITS	3
	D. THESIS ORGANIZATION	6
II.	ANALYSIS OF "CONTROVERSIAL" TERMS	8
	A. INTRODUCTION	8
	B. METHODOLOGY OF ANALYSIS	8
	C. TERM ANALYSIS	9
	D. SUMMARY	19
III.	ANALYSIS OF "NON-CONTROVERSIAL" TERMS	21
	A. INTRODUCTION	21
	B. TERM ANALYSIS	21
	C. SUMMARY	69
IV.	CONCLUSIONS AND RECOMMENDATIONS	71
	A. INTRODUCTION	71
	B. CONCLUSIONS	71
	C. RECOMMENDATIONS	73
	D. PRIMARY RESEARCH QUESTION ANSWER	74
	E. GENERAL COMMENTS	75
	F. SUMMARY	75

REFERENCES	76
APPENDIX A: PUBLISHED DEFINITIONS	79
APPENDIX B: COVER LETTER AND QUESTIONNAIRES	89
APPENDIX C: PROPOSED DEFINITIONS	101
INITIAL DISTRIBUTION LIST	108

I. INTRODUCTION

A. BACKGROUND

This thesis is part of an ongoing joint research project between graduate students of the Naval Postgraduate School in Monterey, California, and the Air Force Institute of Technology at Wright-Patterson Air Force Base, Dayton, Ohio. The purpose of the research project is to establish working definitions for commonly used acquisition terms and phrases and is in support of an effort by the National Contract Management Association (NCMA) to assemble a consensus of definitions for specific terms. Upon project completion, the definitions will be compiled to form a professional dictionary of acquisition and contracting terminology. Lieutenant Commander Daniel Ryan, SC, USN was the first to undertake this research in 1988. His research resulted in his thesis A Dictionary of Acquisition and Contracting Terms.

As expressed by previous researchers, it is essential that a common working vocabulary be established to enable effective communication in the Federal Government contracting and acquisition arena. In his thesis involving the same research, Lieutenant Michael Robinson stated "To communicate effectively, all participants in the procurement process must be interpreting the language in a consistent manner". [Ref. 24: p. 1-2] There have been previous limited efforts made by

various schools and organizations to assemble contracting and acquisition definitions. However, such efforts were made without coordination and consolidation and therefore failed to establish a consensus on commonly acceptable definitions. [Ref. 24: p. 2] As with previous theses, the objective of this thesis is to contribute to the establishment of a unified acquisition and contracting language by researching definitions and providing the results to professionals in the field for clarification and validation.

B. SCOPE AND ASSUMPTIONS

This thesis provides proposed working definitions for twenty five terms which are used in the contracting and acquisition field. The terms addressed by this thesis were taken from a master list of terms established by students of NPS and AFIT. Encompassed in this thesis is the research of currently published definitions and the validation or modification of those definitions by contracting professionals.

This thesis makes the same assumptions made in Ryan's thesis. The basic assumption is that there is insufficient agreement concerning specific meanings of the terms as used in the contracting and acquisition arena. Additionally, it was assumed that there is no single authoritative source which establishes contracting definitions. This thesis also assumes that the achievement of consensus is the best method for

arriving at an acceptable definition and any other method would create an arguably biased product. [Ref. 25: p. 7-8]

C. RESEARCH QUESTIONS AND BENEFITS

Since this is a continuing research effort, the same research questions will be addressed as were cited in Ryan's thesis. [Ref. 25: p. 8] The primary research question to be entertained in this thesis is: To what extent can standard meanings be arrived at in the evolving field of contracting in which words are used with various meanings?

The following are supporting subsidiary research questions:
[Ref. 12:p. 3]

- * What are the current published definitions?
- * What agreement can be reached from professionals in the field?
- * What definition of terms can be concluded from research and feedback?
- * What is the present usage in current contract texts?

The researcher agrees with Lieutenant Robinson's belief that the benefits of this research are hard to substantiate. However, the three prominent benefits include:

- * It is moving closer to the ultimate goal of developing comprehensive contracting dictionary.
- * A completed comprehensive dictionary will be a valuable tool to help train new contracting personnel.
- * A completed comprehensive dictionary will serve as a

valuable reference tool for those in the acquisition and contracting field. [Ref. 12: p. 3]

D. RESEARCH METHODOLOGY

The methodology used in the research was qualitative and is the same as that used by previous researchers. It was based on the review of literature, personal observations and experiences, and a questionnaire. [Ref. 24: p.4] The steps included in the methodology were:

1. Select twenty five candidate terms from a master list generated from previous research in this area.
2. Research contracting literature and regulations to identify published definitions and common usage of candidate terms.
3. Synthesize the researched published definitions into a single definition.
4. Develop five separate questionnaires, each addressing five different definitions.
5. Mail each questionnaire to one hundred Certified Professional Contracts Managers (CPCM) and Certified Associate Contracts Managers (CACM), a total of five hundred questionnaires.
6. Analyze the responses to the questionnaires and formulate final proposed definitions for the candidate terms.

The twenty five terms selected from the master list for

analysis were:

- * Adequate Competition
- * Appeal
- * Award
- * Cardinal Change
- * Commercial Item Description
- * Contingency
- * Contract Clause
- * Cost Objective
- * Cost Underrun
- * De Facto Debarment
- * Dual Source
- * Excusable Delay
- * First Article
- * Fiscal Year
- * Flow-down Clauses
- * Independent Cost Estimate
- * Pricing
- * Procurement Administrative Leadtime (PALT)
- * Protest
- * Qualified Bidders List
- * Remedy
- * Salvage Value
- * Target Profit
- * Variable Cost
- * Waste

As Robinson did in his research, five separate questionnaires containing five definitions each were distributed. This procedure was used in lieu of that used by previous researchers who included all twenty five terms in their questionnaires. This change in methodology was an attempt to hopefully increase the response rate by providing a less time consuming questionnaire to selected contract professionals. This idea apparently proved true since Robinson achieved a response rate of 54%. However, the aggregate response rate attained in this research was 36%. Surveys A through E achieved individual response rates of 36%, 36%, 42%, 37%, and 30% respectively. A possible explanation of this variance in response rates is that Robinson did not include a "requested return date" in his questionnaire cover letter but cited the return date in a follow up letter that was mailed approximately two weeks later. However, this researcher considered the responses received in this research to be extremely informative and of high quality and therefore adequate to complete the research.

E. THESIS ORGANIZATION

This thesis is organized and formatted the same as Lieutenant Robinson's thesis. Chapter I covered the background of this research effort and discussed the necessity for a unified acquisition and contracting language. Additionally, Chapter I cited the terms which were researched

and the methodology employed in the research. Chapters II and III review the analyses of the literature research which was used to arrive at a synthesized definition and the results of the questionnaires. These chapters also propose definitions based upon comments provided by questionnaire respondents. Chapter II addresses those terms which were considered "controversial" by the researcher, due to the number and/or nature of the comments received. Chapter III is directed at the remaining terms. Conclusions, recommendations, suggestions for further research, and the answer to the primary research question are contained in Chapter IV.

II. ANALYSIS OF "CONTROVERSIAL" TERMS

A. INTRODUCTION

This is the first of two chapters that address the questionnaire results. This chapter focuses on an analysis of the four terms which were considered "controversial" by the researcher. The main reason that a term was deemed controversial was due to a lack of consensus by respondents concerning the appropriateness of the synthesized definition. Also, even though there was consensus on the acceptability of a definition, the term was determined to be controversial if there was substantial feedback centering around a common major deficiency or objection.

B. METHODOLOGY OF ANALYSIS

The analysis of the terms provided in Chapters II and III will follow the same format established by Ryan and other previous researchers. Section "a" discusses the definition synthesis process while section "b" examines questionnaire results. Section "b" also provides selected comments from respondents, many of which were used in deriving the final proposed definition which is provided in section "c". Similar to Ryan's method of arriving at a final proposed definition, questionnaire comments were only used if they did not alter the primary thrust of the synthesized definition.

This approach ensured that the consensus from the respondents remained intact.

C. TERM ANALYSIS

1. AWARD

a. Definition synthesis:

There was very little published material available which offered a working definition of the term "award" as used in the acquisition field. However, the essence of the available definitions was the same and consistent with the researcher's understanding of the term's meaning. The definition was synthesized as:

AWARD: The formal acceptance of an offeror's bid or proposal.

Synonyms: None

Antonyms: None

b. Results:

The synthesized definition created many comments for what the researcher initially felt was a short but precise definition. Twenty four of the thirty six respondents agreed with the definition. The twelve that disagreed with the synthesized definition provided several interesting comments. These comments convinced the researcher that, even though there was a consensus on the acceptability of the synthesized definition, there was a difference in its everyday application which could not be ignored. Four respondents mentioned or made inference that acceptance of a proposal isn't necessarily

required to make an award, as in the case of a letter contract. In addition, a belief was expressed that an award could also be the notification of intent to give a contract. Comments on the synthesized definition include:

- ※ Award may be made without acceptance of proposal, considerable negotiation may occur after award.
- ※ Modify the definition to read, "Formal notice of intent to give a contract to a responsible bidder after a determination is made in accordance with criteria previously established by the procuring agency."
- ※ Acceptance is distinct from award.
- ※ Does not adequately consider unilateral contracts.
- ※ Award of a contract is not always the acceptance of a bid or proposal. Negotiations of the offer may precede or follow award.
- ※ Add "(2) notification of intent to award a contract; (3) transmittal of advance authorization to proceed (e.g., letter contract)."

The researcher concurred with the comments which stated an award could be made without accepting an offeror's bid or proposal and that an award could be the notification of intent to give a contract. The researcher considered it appropriate to cite three definitions for "award" based on the term's different usages. Comments received were used to write the revised definition.

c. Proposed definitions based upon responses:

AWARD

- (1) *The formal acceptance of an offeror's bid or proposal.*
- (2) *Notification of intent to give a contract.*
- (3) *Transmittal of advance authorization to proceed (e.g. letter contract).*

* **Synonyms:** *None*

* **Antonyms:** *None*

2. Cost Objective

a. Definition synthesis:

The term "cost objective" was not difficult to synthesize. A working definition of the term was found in seven different literature sources, all of which cited virtually identical definitions. The definition synthesized was:

COST OBJECTIVE: A function, organizational subdivision, contract, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, capitalized projects, and so forth.

Synonyms: *None.*

Antonyms: *None.*

b. Results:

The substantial disagreement as to the term's synthesized definition came as a surprise to the researcher. This is especially true since there was an overwhelming parallel of the published definitions. Although twenty eight of the thirty six respondents agreed with the cited definition, there were eight that took objection based on similar arguments. Five of the respondents contended that the

definition more accurately described a "cost center". In addition, there were seven comments made which indicated that a "cost objective" was either a target or goal used in negotiations, or that it was a goal to achieve during the performance of a contract. Similar disagreement by several of the respondents warrants the term's determination as controversial. Selected comments include:

- * More accurately describes a cost center. Calling this a cost objective is too confusing with pricing terms and definitions such as Government objective, price/cost objective, profit objective, etc.
- * Definition is for cost center. It is a target position in negotiations.
- * Negotiation cost objective?
- * A cost objective is a goal, either a goal to achieve during negotiations or a goal to achieve during performance of a contract.
- * What is described is a "business unit".
- * The definition is for a cost center. Modify to read, "Cost objective is a cost goal established for the completion of an element of work, the variances from which are used to evaluate the cost estimating process itself as well as the physical process involved in the completion of the element of work. "
- * Cost objective and the supplied definition appear to be

mutually exclusive. Cost objective would appear to be a management tool or goal. The definition on the other hand would more properly relate to a cost center where it is desired to identify and record costs. Revised definition: "A cost figure representing a cost goal which has been established as optimum cost desired for achievement. It may be the same or different from a cost estimate, cost proposal, cost budget, or target cost. It is a management tool which can be used in planning and performing for attainment of primary management goals, e.g. maximizing profit, optimizing ROI, improving competitive position.

Since several respondents indicated that a cost objective was a cost goal for an element of work at completion, the notion was included in the revised definition. Likewise, based on numerous comments, the researcher included the idea that a cost objective is a goal established for contract cost to be achieved in negotiations.

c. Proposed definition based upon responses:

COST OBJECTIVE

- (1) A function, organizational subdivision, contract, or other work unit for which cost data is desired and for which provision is made to accumulate and measure the cost of processes, products, capitalized projects, and so forth.*
- (2) Cost goal established for the completion of an element of work.*
- (3) Goal established for contract cost to be achieved during contract negotiations.*

* SYNONYMS: (1) *Cost center*
(2) *Cost goal*
(3) *Target cost*

* ANTONYMS: *None*

3. Independent Cost Estimate

a. Definition synthesis

The definition for "independent cost estimate" was not difficult to synthesize. The researcher found four published working definitions for the term, all of which denoted the same meaning. In addition, the published definitions were in keeping with the researcher's understanding of the term's usage. The synthesized definition was:

INDEPENDENT COST ESTIMATE: A cost estimate prepared by an impartial body outside the chain of authority responsible for acquiring or using the goods or services.

Synonyms: None.

Antonyms: None.

b. Results:

Eighteen of the thirty seven respondents agreed fully with the synthesized definition and another nine concurred with minor changes and comments offered. Nine objected to the definition and there was one respondent which considered him/herself unqualified to provide a comment. The questionnaire generated some disagreement as to what the term "independent" should convey. While the majority accepted its meaning as that of being "outside the chain of authority", there were four respondents that indicated the "independent"

aspect of the cost estimate should mean the estimate is made independent of any cost information provided with the proposal or offer. In addition, there were five comments generated which indicated there was some confusion as to "who" or "what" the "chain of authority" is. Despite the fact that there was a consensus on the acceptability of the term's definition, there was enough disagreement generated which qualified the term as controversial. Comments on the synthesized definition include:

- ※ More clarification required. For example, "outside the chain of authority" - can this be a group within the same organization?
- ※ An independent cost estimate may be prepared by a specialist in the PCO organization for comparison with bids received. It is independent from the proposal.
- ※ Modify to read "A cost estimate prepared prior to receipt of bids or proposals for the purpose of testing reasonableness of bids or proposals. Synonyms: Government estimate, buyer's cost estimate.
- ※ Independence should not mean outside the chain of authority, but should mean independent of information from a particular offeror.
- ※ The requirements activity is often the user and key in developing viable cost estimates. The "independence" is related to the contracting officer - user check and

balance. A synonym is "Independent Government Cost Estimate (IGCE)."

- * Use of ICE's is also for acceptance/rejection of an unsolicited proposal. In that instance, the ICE would be prepared by the applicable agency, but "independent" of any cost information submitted with the proposal. Syn: Engineer's cost estimate.
- * The ICE may be prepared by the office responsible for acquisition, i.e. the COTR.
- * How do you explain the fact that most all cost estimates are developed by the actual end user of the request. Use "A cost estimate prepared by the requiring activity and submitted to the procurement activity, which will be utilized as an accurate baseline to ensure fair and reasonable pricing is obtained."
- * Delete "impartial" - requires ICE's be done outside the organization.
- * In practice, our definition is not as strict. Our facilities engineering staff often prepare independent cost estimates for low dollar value construction activities. They are also responsible for requesting these services.

In rewriting the definition, the researcher included the notion that "independent" means a cost estimate

is made without knowledge of cost information provided by the offeror. Additionally, it was considered appropriate to include in the definition those areas of expertise utilized in preparing an independent cost estimate.

c. Proposed definition based upon responses:

INDEPENDENT COST ESTIMATE

A cost estimate developed outside the normal advocacy channels, independent of any cost information provided by the offeror, and used for the purpose of comparing with bids or proposals. Preparation of independent cost estimates generally includes representation from the areas of cost analysis, procurement, production management, engineering, and program management.

* **Synonyms:** *Independent Government Cost Estimate (IGCE)*

* **Antonyms:** *None*

4. Qualified Bidders List (QBL)

a. Definition synthesis:

Literature research only revealed one definition for QBL. However, there was also a definition found for "qualified bidder" which was very close to that of QBL. When synthesizing the proposed working definition, the researcher included the notion that the list of qualified bidders had also been determined "responsible". This was done based on the researcher's interpretation of the published definitions. The QBL definition stated that the list of bidders had satisfied all applicable qualification requirements. The definition for "qualified bidder" stated that the bidder met the minimum set of standards of business competence,

reputation, and financial ability. The synthesized definition was:

QUALIFIED BIDDERS LIST (QBL): A list of bidders who have been determined responsible and whose product has met all applicable qualification requirements for that product.

Synonyms: None.

Antonyms: None.

b. Results:

Twenty seven of the thirty seven respondents concurred with the synthesized definition, three of whom offered minor changes. The remaining ten found the definition unacceptable. Five of those objecting did so based on the portion of the definition which stated that the bidders had been determined responsible. These respondents stressed the fact that a determination of responsibility was required for every procurement. There were also three indications made that the use of Qualified Products List (QPL) was synonymous with that of QBL. Although there was consensus on the definition being acceptable, the fact that five respondents objected on the issue of responsibility warrants a determination as "controversial". Additional comments received include:

- * It ignores the financial and technical qualifications often associated with small business.
- * Companies whose products have been qualified as meeting specifications aren't "bidders" until they submit a bid. Change "bidders" to "sources".

- * "A list of bidders whose qualifications have been pre-determined to be acceptable for the proposed procurement. Syn: pre-qualified bidder's list
- * I am not aware of lists of qualified bidders. QPLs identify items which have met physical and functional requirements and are deemed acceptable without further testing (other than quality control type, etc.).

The researcher concurred with the respondents who stated that potential bidders contained in the QBL have not been determined responsible and such a determination is required for every procurement. The responsibility aspect has been omitted from the revised definition. Additionally, the fact that potential bidders' products must be determined to meet all requirements before specific procurements has been included in the definition.

c. Proposed definition based upon responses:

QUALIFIED BIDDERS LIST (QBL)

A list of potential bidders whose products have been determined to meet all applicable qualification requirements prior to and independent of any specific acquisition action.

Synonyms: *Pre-qualified bidders list*

Antonyms: *None.*

C. SUMMARY

This chapter focused on an analysis of four terms which were determined to be controversial by the researcher due to questionnaire feedback. The analysis encompassed the

development of the synthesized definition and input provided by the questionnaires. Additionally, a final proposed definition for each term was developed based upon information provided by the respondents. The next chapter will address the remaining twenty one terms in this study.

III. ANALYSIS OF "NON-CONTROVERSIAL" TERMS

A. INTRODUCTION

This chapter is directed at an analysis of those terms which achieved a consensus as being acceptable working definitions and encountered no major common deficiencies. Comments provided by respondents were used to modify the synthesized definitions in order to produce the final proposed definitions. The changes made were primarily for technical clarification purposes and to make the definitions easier to read and understand. There are some cases where amplifying information was added which was not included in the proposed working definition. The modifications did not change the fundamental meaning of the definitions which achieved a consensus.

B. TERM ANALYSIS

1. Adequate Competition

a. Definition Synthesis:

In researching the term "adequate competition" the researcher found that the literature reviewed consistently referred to the term "adequate price competition". In addition, the term's usage was only found in literature associated with the Government contracting arena. The definition in the literature was essentially the same for the

term "adequate price competition". The synthesized definition takes into account the fact that there also exists nonprice competition based on considerations other than price, such as the technical requirements and capabilities and the highest demonstrated competence. The definition was synthesized as:

ADEQUATE COMPETITION: A market condition that exists when at least two responsible and responsive offerors independently content for a contract which is to be awarded on the basis of either (1) the lowest evaluated price or (2) the optimal combination of lowest evaluated price and nonprice requirements.
Synonyms: Effective competition.
Antonyms: None.

b. Results:

Twenty four of the thirty six respondents agreed with the synthesized definition as written and four concurred offering minor recommended changes. Nine respondents stated that the definition was not an acceptable working definition. However, the majority of those that objected to the definition seemed to agree with the term's meaning and based their objection on minor issues. Some of the comments included:

- * I think great care should be taken in the developing or expanding definitions of identical terms that have specific meanings in the FAR. Perhaps the term defined above should be "effective competition".
- * Price competition and full and open competition require separate definitions.
- * The word "optimal is too subjective. Suggested

- revision: (2) a combination of lowest evaluated price and other predetermined factors. Antonym: sole-source
- * Modify (2) to read "best value".
 - * (2) best value, lowest evaluated price and other factors considered.
 - * FAR 15.804-3 discusses adequate price competition which appears to parallel your definition.
 - * The intended basis of award is not material to the definition.
 - * Switch "responsive and responsible" around - otherwise fine!

The final proposed definition does not reflect the recommendations of three respondents for the inclusion of "sole-source" as an antonym for "adequate competition". This is based on the fact that "sole-source" is just one possible situation of "inadequate competition". A situation of "no source" is certainly inadequate competition also. The definition does reflect the recommendation to use "responsive and responsible" instead of "responsible and responsive". The researcher concurred with the recommendation based on the phrase's most common usage is as recommended. The use of "contract" in the final proposed definition is intended to encompass all types of contractual instruments, regardless of dollar size.

c. Proposed definition based upon responses:

ADEQUATE COMPETITION

A market condition that exists when at least two responsive and responsible offerors independently contend for a contract which is to be awarded on the basis of either (1) the lowest evaluated price or (2) or combination of price and other predetermined factors.

* **Synonyms:** *Effective competition.*

* **Antonyms:** *None.*

2. APPEAL

a. Definition synthesis:

The term "appeal" was not difficult to synthesize since the reviewed literature was in general agreement as to its definition. Due to this fact, the researcher deemed it appropriate to cite the term's definition contained in the NCMA Desktop Guide to Basic Contracting Terms. [Ref. 9: p.12]

The synthesized definition was:

APPEAL: Resort to a superior (e.g. appellate court) to review the decision of an inferior (e.g. trial) court or administrative agency.

Synonyms: None.

Antonyms: None.

b. Results:

Twenty five of the thirty six respondents fully agreed with the synthesized definition with another one concurring with minor recommended changes. There were ten not in agreement with the proposed definition. Comments on the term "appeal" included: .

* Does not include the transfer from the decision

authority to the board or court. Use "resort to a superior authority (i.e. appellate court, individual, or administrative board) to review and reverse a decision made at a lower level of authority".

- * Does not include appeal to a Board of Contract Appeals of a CO's final decision.
- * CO's decision can be appealed. "Refer to higher authority or court to review the final decision of the contracting officer; administrative agency or lower court.
- * Too restrictive, does not consider appeal of COFD.

The main reason for disagreement revolved around the belief that the definition was "too legalistic" and should focus more on the contracting aspect. The researcher entertained the idea of making two separate definitions, one directed at the area of contracting and one at the legal arena. However, since there was consensus as written and no cited objections to the use of one definition, only one final definition was proposed. The definition was modified as a result of the recommendations to include the notion of "the final decision of the contracting officer" and to make it less "legalistic".

c. Proposed definition based upon responses:

APPEAL

Application to a higher authority to review the final

decision of a contracting officer, administrative agency, or lower court.

* **Synonyms:** *None.*

* **Antonyms:** *None.*

3. Cardinal Change

a. Definition synthesis:

This term was not difficult to synthesize. All six literature sources reviewed were in agreement as to the essence of the term's meaning. The definition as synthesized was:

CARDINAL CHANGE: A change so substantial that it requires performance beyond the scope of the contract.

Synonyms: *None.*

Antonyms: *None.*

b. Results:

Of the thirty six respondents, twenty two were in agreement with the definition as synthesized. Two others agreed with the term's definition, but offered minor modifications. The remaining twelve respondents felt that the definition was unacceptable as a working definition. Even those who took objection appeared to agree with the basic meaning conveyed by the definition but preferred a different choice of words in the definition. Some of the comments generated were:

* A change so substantial that it exceeds the authority of the changes clause.

* Use "out-of-scope change" with same definition.

"Cardinal" has a tone of theological meaning.

- * Cross out "so substantial", mention grounds for breach of contract.
- * Use "a change in the scope of work".
- * Change "beyond" to "having little or no relationship to".
- * The change can be outside of, beyond, or reduce the scope of the contract.
- * Any change, whether cardinal, constructive, or directed is beyond the scope of the contract.
- * Synonym: Out-of-scope change
- * Synonym: The move from St. Louis to Phoenix by the pro football team.

Several of the objecting respondents indicated the use of "out-of-scope" would be better than "beyond the scope". This recommended change was incorporated into the final proposed definition as was the recommendation to include "out-of-scope change" as a synonym.

c. Proposed definition based upon responses:

CARDINAL CHANGE

A change which involves performance outside the scope of the contract.

- * Synonyms: *Out-of-scope change.*
- * Antonyms: *None.*

4. COMMERCIAL ITEM DESCRIPTION

a. Definition synthesis:

In researching the working definition of "commercial item description", it was found that all the reviewed literature referred to the term as "commercial item". However, the published definitions for "commercial item" were essentially the same. Additionally, those definitions matched the researcher's understanding of the term "commercial item description". Definition (1) was included to "tie in" the description aspect. Also of interest is that all published definitions referred to the term's usage only in the Government contracting arena. The synthesized definition was:

COMMERCIAL ITEM DESCRIPTION

(1) Supplies or services required in a Government contract which are described as commercially available items.

(2) Supplies or services regularly used for other than Government purposes and sold or traded to the general public in the course of normal business operations.

Synonyms: Off-the-shelf.

Antonyms: None.

b. Results:

Twenty eight of the respondents concurred with the questionnaire definition as an acceptable working definition. Seven respondents disagreed and one was unable to comment. Questionnaire comments others include:

- * "Off-the-shelf" is not a good synonym: that merely means units are produced before there is an order for them. Custom-make items can also be commercial items.
- * You may want to discuss modifications to commercial items and whether or not that changes its status.

Synonym: Commercial off the shelf (COTS)

* These definitions are very confusing. Are you giving us the choice between (1) and (2), or are they combined? Both, but especially (2) seem to be definitions of commercial items, not commercial item descriptions. I think you really need the definition for commercial items. You can choose between (1) and (2) as revised. I am not sure which one I like better; each stands alone. I have deleted "or traded" as redundant. "Sold" and "traded" mean the same thing. Wake up!

* Modify to read: "(2) Supplies or services already existing to a recognized and published standard and available from more than one source."

* Antonym: Design specification

Of those disagreeing, four made comments that definition (1) should be omitted. Two others stated that "Government" should be removed from both definitions. They indicated it had no relevance to the definitions. The researcher agrees that strictly commercial companies could also rely on commercial item descriptions in lieu of products made to design specifications. However, "Government" was included in the final proposed definition due to the favorable consensus and the consistent appearance of "Government" in the published definitions. As a result of questionnaire comments, definition (2) was omitted since it described a "commercial

item" and not a "commercial item description". Therefore, the synonyms proposed were also omitted since they were applicable to only "commercial item". Additionally, "design specification" was deleted as an antonym since commercial items have design specifications. "Government specification" was deemed an appropriate antonym.

c. Proposed definition based upon responses:

COMMERCIAL ITEM DESCRIPTION

A written statement of a commercially available supply or service identified in a Government bid or proposal request.

* **Synonyms:** *None.*

* **Antonyms:** *Government specification.*

5. Contingency

a. Definition synthesis:

The published definitions contained in Appendix A were in general agreement as to the meaning of "contingency". Two of these definitions were specifically directed at the term's application in the field of contracting. The published definitions were consistent with the researcher's understanding of the term's usage and proved no problem in synthesizing. The proposed definition was:

CONTINGENCY: A possible future event or condition arising from presently known, unknown, or suspected causes, for which the cost impact is indeterminable at the present time.

Synonyms: *None.*

Antonyms: *None.*

b. Results:

Twenty two of the thirty six respondents indicated they were in agreement with the synthesized definition with no comments provided. There were an additional five which concurred and offered minor changes. The remaining four respondents didn't agree with the questionnaire definition. Three of those that were in disagreement stated that a contingency could also impact factors such as schedule, performance, and other contract terms and conditions. There were also two comments generated which indicated that a "contingency" was also an amount an offeror adds to the proposal to cover possible costs of future unknown risks. Comments received on "contingency" include:

- ※ Change to "for which cost and other contractual impact is indeterminable".
- ※ It is sometimes possible to determine a rough order of magnitude of cost impact of the future event/condition. Change to "precise cost".
- ※ It can also be the amount a contractor adds to his price to compensate for an unknown risk.
- ※ As used mostly in Government Contracting, contingency refers to the action taken (i.e. add dollars) rather than to the possible future event causing the action. Add "an amount included in an estimate to cover a possible future...".

- * Add "but which often may reasonably be estimated based on past experience on the same or similar type of work".
- * Contingencies may be precisely defined and the resulting impact on cost and other contract elements can also be determined.

The researcher concurred with the comments made which recommended citing specific contractual items which could be impacted because of a possible future event in the definition. The researcher included those areas of impact which were considered appropriate in the revised definition. The comments made which referred to a "contingency" as an "amount of money" were not used in the revised definition. The researcher considers the dollar amount included in an estimate to cover a possible future event is more appropriately referred to as a "contingency fee".

c. Proposed definition based upon responses:

CONTINGENCY

A possible future event or condition arising from presently known, unknown, or suspected causes which may impact such contractual items as cost, schedule, quantity, performance, or other contract elements.

* **SYNONYMS:** None.

* **ANTONYMS:** None.

6. Contract Clause

a. Definition synthesis:

The researcher could find no published definitions for the term "contract clause". However, researching the term

"clause" resulted in four published definitions. All four definitions paralleled the researcher's understanding of the usage of "contract clause" in the contracting and acquisition field. Two of the literature sources actually used the term "contract" in defining the term "clause". Additionally, all published definitions centered around the aspect of being "single" or "distinct". The researcher felt comfortable with use of the four definitions in deriving the following synthesized definition:

CONTRACT CLAUSE: A distinct article, stipulation, or provision in a contract.

Synonyms: Contract provision, terms and conditions.

Antonyms: None.

b. Results:

Twenty seven of the thirty six respondents concurred with the cited definition with the other nine in disagreement.

- * Provision is an article/stipulation applicable to a solicitation only, not the contract which ensues.
- * See FAR 52.101a which clearly distinguishes between "clauses" (applying after contract award) and "provisions" (used only in solicitations and applying only before contract award). Use FAR definitions! Provision is NOT a synonym for clause.
- * "Contract Clause" and "Provision" have separate definitions under the Federal Acquisition Regulation

(FAR).

- * Delete "terms and conditions" from synonyms - all contract clauses may not be terms and conditions (clauses which convey only administrative information) and all terms and conditions are not necessarily contract clauses.
- * "Article" may be confusing to nonprofessional acquisition personnel. Add "...which regulates contract performance or instructs the contracting parties of the agreed requirements".
- * It doesn't include required clauses, interpreted into contract by regulation when not enumerated.

There were three comments made from those objecting which stated that a "provision" is not the same as a "clause". Two of those referenced FAR 52.101(a), which does say that a "provision" is only used in solicitations and applies only before contract award. It also says that "contract clause" can be used both before and after award, in solicitations and contracts. Although these respondents are technically correct, "provision" is used interchangeably with "clause" in the both the Government and civilian contracting field. Even the FAR makes several references to "contract provisions" or "provisions of a contract". Due to the overwhelming acceptance rate of the proposed definition, "provision" has been included in the final proposed

definition. In addition, the researcher deemed it appropriate to include the purpose of a contract clause in the definition.

c. Proposed definition based upon responses:

CONTRACT CLAUSE

A distinct article, stipulation, or provision in a contract which regulates contract performance or instructs the contracting parties concerning the contractual agreement.

* **Synonyms:** *Terms and conditions, contract provision.*

* **Antonyms:** *None.*

7. Cost Underrun

a. Definition synthesis:

Research revealed two published definitions for "cost underrun" which were identical. Both definitions addressed "cost overrun" as well, and indicated that the definitions for "overrun" and "underrun" were direct opposites. A published definition for strictly "cost overrun" was also examined. Taking the direct opposite of this term's meaning resulted in virtually the same meaning as denoted in the two definitions for "cost underrun". The three definitions reviewed came from Government publications. There were no published definitions for the term which were directed strictly at private industry contracting usage. However, a standard dictionary definition for "underrun" was examined that was in agreement with the basic meaning of the other researched definitions - that of being "costing or spending less than estimated". The definitions synthesized were:

COST UNDERRUN: (1) A net change in contractual amount under that contemplated by a contract target price (FPI contract), estimated cost (any cost-reimbursement type contract), or redeterminable price (FPR contract), due to the contractor's actual costs being under target or anticipated contract costs - but not attributable to any other cause of cost decrease (e.g., quantity changes, engineering changes, economic changes, or changes in estimates of program/projected costs).

(2) An instance of costing or spending less than estimated.

SYNONYM: UNDER BUDGET

ANTONYM: COST OVERRUN

b. Results:

Twenty eight of the thirty six responses indicated full agreement with the synthesized definition. One other respondent was in agreement but offered minor recommended changes. The remaining nine were in disagreement. Many of those nine appeared to concur with the basic meaning of the term provided, but disagreed with certain portions of the definition. Some others preferred different wording of the definition. There were four comments which reflected the belief that "economic changes" could result in a cost underrun. Comments provided by the respondents included:

* With respect to proposed definition (1), a cost underrun can occur on a project or a program as well as a contract. The suggested definition more closely defines underrun as it relates to a contract. I don't feel that the caveat in the proposed definition more closely limits or is adequately restrictive. For example, reduced cost incurred under a contract could

result from changed economic conditions beyond the control or influence of the contractor, but that reduced cost still constitutes a valid cost underrun. Conversely, the Government increases the quantity ordered under an original CPFF contract by 50% permitting unit cost reduction to be achieved through economies of scale. The contract is amended to reflect the increased quantity and the reduced unit cost. The difference between the initial and revised cost is not a cost underrun.

- * Overrun/underrun do not change the contractual amount. "Satisfactory completion of a specific task, job or contract, before spending all of the dollars/resources negotiated to do the work."
- * If there are economic changes or changes in estimates of program/project cost which result in under expenditure, I believe you still have a cost underrun.
- * 1. The contract values may not change. 2. There may well be a known cause of the cost decrease i.e. less inflation than originally contemplated.
- * Too complex and verbose although it does accurately define a cost underrun.

The researcher agreed with the comments that economic changes could result in an underrun, assuming the contract contained no economic adjustment clauses. The idea

that economic changes could not be the cause of an underrun was deleted from the final proposed definition. Additionally, the researcher considered it appropriate to combine the two questionnaire definitions into one.

c. Proposed definitions based upon responses:

COST UNDERRUN

An instance where the actual cost of performing a defined task is less than that originally estimated or established. In the case of a contract, cost underrun is the net change in the contractual amount which results from the actual performance cost being less than the contract target price (FPI contract), estimated cost (cost-reimbursement type contract), or redeterminable price (FPR contract). However, situations where reduced contract cost or price result from changes in contract terms and conditions and/or contractual amendments (e.g. changes in quantity; changes in specifications; changes in Government furnished property) are not considered cost underruns.

* **Synonyms:** *Under Budget.*

* **Antonyms:** *Cost Overrun.*

8. De facto Debarment

a. Definition synthesis:

The term "de facto debarment" proved rather difficult to synthesize. The researcher found no published definitions for the term and was also unfamiliar with the term's usage. However, review of cases and other literature dealing with the term's use provided the researcher with an adequate understanding necessary to synthesize a definition. The research indicated that the term is only used in the Government contracting arena. The definition was synthesized

to be:

DE FACTO DEBARMENT: Action taken by the Government to refuse contract award to a contractor, although not debarred, based on inadequate performance or non-responsibility in a prior contract or contracts. This refusal to award has the same effect "as if" the contractor was debarred.

Synonyms: None.

Antonyms: None.

b. Results:

Twenty five of the thirty six respondents concurred with the synthesized definition completely with an additional one concurring with minor changes recommended. The definition generated ten responses which stated disagreement concerning its acceptability. Much of the objection to the definition was due to its similarity to a determination of "non-responsibility". The researcher concurred with many of the respondents and incorporated some of their observations and recommendations in the revised proposed definition. Comments made on the synthesized definition include:

- * A contractor, by virtue of unacceptable performance on a prior or existing contract may be found non-responsible by a contracting officer based on that deficiency, evidence of failure to correct the deficiency and a reasonable conclusion that the problems would occur under a new contract. Such determination could be made repeatedly provided that the determination was individually made with respect to the instant contract award and the requirements of that

proposed contract. Despite award denial even in a contiguous series of individual cases, such would not necessarily constitute DE FACTO DEBARMENT. Conversely, a contracting officer or activity who for the same contractor and because of the same circumstances issues a blanket determination denying all future awards without respect to individual requirements would be guilty of DE FACTO DEBARMENT. Action other than award denial such as removal from bidders lists, refusal to solicit or provide solicitation copies, refusal to accept or consider bids/proposals could constitute DE FACTO DEBARMENT.

- ✧ Either a contractor is debarred or not. Refuse to award if not responsible.
- ✧ In my view, you either have a debarment or you don't. Anything less than debarment is simply a disqualification based on past performance or current non-responsibility.
- ✧ This action is not legal.
- ✧ What about soliciting? Modifying to add additional work? Ordering under indefinite delivery contracts? These are also elements of debarment. Debarment is a state of being wherein a firm may not be solicited as well as awarded. The situation discussed in the definition describes one that results from a negative

determination of responsibility on a firm for a specific requirement. The term is one of art, usually used by a defense attorney arguing why his client should get award on a contract which some nasty old contracting officer has "arbitrarily" denied him. If you're to define de facto debarment you need to recognize all the elements of the debarment (soliciting, modifying, new work, etc). Also recognize that it is an illegal activity since at the contracting officers level, debarment is not within his/her authority.

Some of the respondents recommended including the fact that "de facto debarment" was illegal. The revised definition reflects this recommendation. In addition, the researcher felt that with the inclusion of the illegality aspect, it was unnecessary to address the recommended clarification in the difference between a determination of non-responsibility and a de facto debarment. This is based on the distinguishing fact that a determination of non-responsibility is not illegal.

c. Proposed definition based upon responses:

DE FACTO DEBARMENT

An illegal action taken by the Government to prevent contract award to a contractor who is not officially debarred based on such reasons as previous inadequate performance or previous non-responsibility. Such actions include, but are not limited to: award denial; refusal to solicit or provide solicitation copies; refusal to accept or consider bids or proposals.

* Synonyms: None

* Antonyms: None

9. Dual Source

a. Definition synthesis:

There were only two published definitions found during research for the term "dual source". However, the researcher's understanding of the term's meaning and usage was consistent with the published definitions. Therefore, the definition synthesized definition was:

DUAL SOURCE: Two contractors producing the same components or end items for the same program.

Synonyms: None

Antonyms: None

b. Results:

Thirty two of the forty two respondents found the definition acceptable. Five of those in agreement recommended minor modifications. The remaining ten respondents didn't concur with the synthesized definition. For the most part, those that objected seemed to agree with the definition, but thought it should be clarified and expanded. Comments included:

- * Might consider including the distinction that the two contractors are not contractually linked - their relationships with the Government are independent.
- * "Same" is not "identical" and the question of interchangeability could be a factor.

- * Need to specify the offerors as independent contractors.
- * Use "manufacturers" vice "contractors". Manufacturers is a better term as the dual source can at times be a prime/sub relationship. The term "two contractors" would insinuate two primes.
- * Might be a contractor and the other a Government entity.
Antonyms: Single source, sole source
- * Component is to be interchangeable as to form, fit, and function.
- * In a true dual source situation, both sources are producing at the same time. Syn: split award, multiple award. Ant: single source.
- * It is too limited in that it doesn't explain that the Government makes a conscious decision to maintain/subsidize a second source, even though that second source might not have submitted the best technical/price solution. Also must bring out the fact that both producers built to same form, fit, and function specifications.
- * Further explanation should be added to provide for competition and establish or maintain a mobilization base. Synonym: parallel development
- * "Two contractors developed intentionally to produce the same components and or end items for the same program to foster competition and enhance the

industrial base.

- * Components could be interchangeable i.e. form, fit, function vs. same.

The final proposed definition uses "similar or identical" instead of "same". The change satisfies the respondents' recommendations to address the notion that components or end items should be interchangeable as to form, fit, and function. In addition, the recommendations made to mention the purposes for dual sourcing, to foster competition and enhance the industrial base, were included in the definition.

c. Proposed definition based upon responses:

DUAL SOURCE

Two independent contractors intentionally developed to produce similar or identical components or end items in order to foster competition and/or enhance the industrial base.

* *Synonyms: Multi-source, second source*

* *Antonyms: Sole source, single source*

10. Excusable Delay

a. Definition synthesis:

It was not difficult to synthesize a definition for "excusable delay". All researched published definitions were in agreement as to the term's meaning and consistent with the researcher's understanding of its usage. The definition synthesized was:

EXCUSABLE DELAY: A delay in contract performance which arises from causes beyond the control and without the fault or negligence of the contractor. Determination of such a delay protects the contractor from penalties and termination for default. Examples of excusable delay are: acts of God or the public enemy, acts of the Government in either its sovereign or contractual capacity, fire, flood, quarantines, strikes, epidemics, unusually severe weather and freight embargoes.

Synonyms: None.

Antonyms: None.

b. Results:

Thirty seven of the forty two respondents concurred with the synthesized definition, eight of which provided small recommended changes. There were five that expressed disagreement. Due to the overwhelming acceptance of the definition, only minor alterations were necessary. Some of the respondents' comments included:

- * Subcontractor involvement could be added for clarification.
- * Use "Such a delay normally protects...". Reason is that excusable delay is seldom clear cut...perhaps you do not want to muddy the water with reality though.
- * Include language that notes in certain cases subcontractors can be a reason also.
- * Does not speak to consideration aspect...perhaps it should.
- * Acts by the Govt in its contractual capacity would not necessarily give contractors an excusable delay, any contractual action effecting the contractor would be

bilateral.

- * Note: See "force majeure".
- * Syn: Force majeure, pardonable obstacle/impediments.
Ant: Contractor negligence, default
- * Use "unforeseeable delay". Syn: Force majeure. Ant: unexcusable delay.
- * In each instance the failure to perform must be beyond the control and without the fault or negligence of the contractor.

The final proposed definition does not contain examples. This change was made to stay consistent with previous research efforts which did not include examples. In addition, the revised definition focuses on the idea of an "unforeseeable event" which causes the delay. The researcher deemed the change was more appropriate and accurate than using "unforeseeable delay".

c. Proposed definition based upon responses:

EXCUSABLE DELAY

An unforeseeable event which inhibits contract performance and arises from causes beyond the control and without the fault or negligence of the contractor. A determination that such an event is excusable normally protects the contractor from penalties and termination for default.

- * Synonyms: Force majeure.
- * Antonyms: Unexcusable delay.

11. First Article .

a. Definition synthesis:

"First article" did not prove difficult to synthesize. Research revealed seven published definitions for the term, all of which had the same general meaning. The synthesized definition was:

FIRST ARTICLE: A model unit, lot or sample used for testing and determining conformance to specified contract requirements before or in the initial stage of production of a contract.

Synonyms: Initial production sample, test sample, first lots, pilot models, pilot lots.

Antonyms: None.

b. Results:

Thirty nine of the forty two respondents found the definition acceptable with no changes recommended. Another four were in agreement, but offered changes. The remaining four respondents did not agree with the synthesized definition. Three made comments which indicated the definition should be expanded to consider that first article items must be produced in a normal production environment. Comments received included:

- * "A preproduction item required where a provider has not previously furnished the product, or the item has had a problem in production; or a new product being built to performance specifications."
- * First article is supposed to be a demonstration that the item can be produced in a production environment. The definition is too broad. Syn: production demonstration.

- * Too loose, it is to have been fabricated, assembled and tested on actual production tooling and test equipment. This work is to have been accomplished by regular factory personnel using routine drawings, shop aids, procedures etc.
- * First article should not be a "model". It should be built as if it was an actual production unit. It is sometimes delivered as part of the first production lot. "Models" per se are inferred as requiring special engineering or production technology. First article puts the design to test as part of an actual manufacturing run.

The researcher concurs with the three respondents' comments that expressed the belief that first articles are required to be produced in a normal production environment. The final proposed definition reflects this idea. Other minor changes were made to the definition to improve its readability.

c. Proposed definition based upon responses:

FIRST ARTICLE

A model unit, lot, or sample manufactured under normal production conditions either before or during the initial stages of contract production, which is used to test for contract conformance.

- * **Synonyms:** *Preproduction sample, initial production sample, test sample, first lot, pilot model, pilot lot.*
- * **Antonyms:** *None*

12. Fiscal Year (FY)

a. Definition synthesis:

It was not difficult to synthesize a working definition for "fiscal year". There were several published definitions which were in general agreement as to the term's usage. Some of the definitions were directed specifically at the Government's fiscal year, but the "spirit" of the definitions were parallel with those broader definitions. The synthesized definition was:

FISCAL YEAR: Twelve month period for accounting purposes, not necessarily January through December. U.S. Government fiscal year is October 1 to September 30 yearly.

Synonyms: Accounting year, business year.

Antonyms: None.

b. Results:

Thirty nine of the forty two agreed with the synthesized definition, two of which offered minor changes. Three stated they did not agree with the definition. However, it was apparent those three concurred with the basic meaning conveyed but based their objections on different preferred wording and required clarification. There was one comment made which said to omit the citing of the Government's fiscal because it had no relevance. The researcher concurs since the dictionary that is to result from this ongoing research will be widely used by other than those involved in Government activities. Comments included:

* Might add that "at present" FY is October 1 - September

30, subject to change based on Congressional action.

- * You need to take off the 2nd sentence. It has no relevance as a definition in a dictionary.
- * I normally consider FY as applying to Government procurement, but that may be a narrow definition.
- * FY is identified by the next calendar year; e.g., FY 92 begins 1 Oct 91 and extends through 30 Sep 92.
- * Should be for "Annual Tax reporting/filing", as well as "accounting purposes". Syn: Tax year. Ant: Calendar year.
- * The word "yearly" adds nothing to the definition and should be removed.
- * "Twelve month period other than January through December for purposes of accounting, finance and taxation.

The revised definition includes the recommendations made by respondents that a fiscal year is used for finance and taxation purposes in addition to accounting purposes.

c. Proposed definition based upon responses:

FISCAL YEAR

Twelve month period established for the purposes of accounting, finance, and taxation; not necessarily concurrent with the calendar year.

- * **Synonyms:** *Accounting year, business year.*
- * **Antonyms:** *None.*

13. Flow-down Clauses

a. Definition synthesis:

Research revealed only one published definition for the term "flow-down clauses". However, definitions for "flow down" and "flowdown of contract requirements" were found, both of which carried the same meaning as the research term. All three definitions centered around the notion of the transfer of prime contractor obligations to the subcontractor. The definition synthesized was:

FLOW-DOWN CLAUSES: Contract clauses which subject subcontractors to the same contractual obligations as the prime contractors.

Synonyms: None.

Antonyms: None.

b. Results:

Thirty two of the forty two respondents concurred with the synthesized definition, six of which cited recommended modifications. There were ten individuals who disagreed. Six comments were made that indicated that the flow-down clauses were mandatory. In addition, three comments were made which said that flow-down clauses were required to be passed on from higher tier to lower tier subcontractors. Some of the comments received include:

* Add that prime contractor is required to put these clauses in their subcontracts.

* Flowdowns are required by law; and may require different compliance by the contractor.

- * "Contract clauses required by law which subject first tier of lower tier subcontractors to similar if not the same obligations as prime contractors."
- * Add "same or similar".
- * Expand to include the concept of privity of contract as well as an overview of who/what determines which clauses will/do flow-down since not all prime contractor clauses are passed to the sub-contractor.

The final proposed definition includes the fact that flow-down clauses are mandatory, as recommended by six respondents. In addition, the revised definition also takes into consideration that flow-down clauses are also required to be passed down from higher tier to lower tier subcontractors.

c. Proposed definition based upon responses:

FLOW-DOWN CLAUSES

Contract clauses required to be included in subcontracts which subject subcontractors to the same obligations as prime contractors or higher tier subcontractors.

- * Synonyms: *None.*
- * Antonyms: *None.*

14. Pricing

a. Definition synthesis:

"Pricing" was not difficult to synthesize. There were three published definitions identified. Additionally, a definition for "contract pricing" was also found which had expressed the same basic meaning. The researcher's

understanding of the term's meaning and usage equals that revealed by the research of the published definitions. The definition was synthesized as:

PRICING: (1) The process of establishing the amount (a) to be paid in return for receiving goods or services or (b) to be received in return for providing goods or services.

(2) A series of actions directed toward making judgments regarding proposed prices. Includes steps to obtain, evaluate, assess, and verify cost and price information necessary to document the process. The purpose is to ascertain that prices are fair and reasonable prior to contract award.

Synonyms: Contract pricing.

Antonyms: None.

b. Results:

Thirty one of the thirty seven respondents indicated that the synthesized definition was an acceptable working definition. Five of those made recommendations for minor changes. There were six individuals that did not find it acceptable. The comments made were varied with no common deficiency identified. Comments received include:

- * Delete last sentence because from a contractor's point of view the purpose of pricing is not to ascertain that prices are fair and reasonable.
- * (2) describes price analysis.
- * Pricing is also an activity that takes place after contract award of unpriced contractual instruments.
- * Government gobbledegook! What is the difference between "amount to be paid" and "amount to be received" and

between "evaluate" and "assess"?

- * Should not imply that cost or price information must come from offeror. Could also be independent cost estimate, don't think verification of cost and price information is accurate.
- * Delete "necessary to document the process".
- * Question whether pricing's purpose is to establish fair and reasonable price. Fact finding and negotiation or price and /or cost analysis determines fair and reasonable prices.

One key comment which the researcher considered in writing the revised definition, was that pricing takes place not only before award, but after award also, as in the case of an unpriced contractual instrument. The final proposed definition simply states "a contract action" which can be both before and after award.

c. Proposed definitions based upon responses:

PRICING

(1) The process of establishing the amount (a) to be paid in return for receiving goods or services or (b) to be received for providing goods or services.

(2) A series of actions used to develop or evaluate proposed prices which include steps to obtain, assess, and verify cost or pricing information, comparison to other offers received, use of historical pricing, independent cost estimates, or analysis of catalog prices. The purpose is to assist in determining the fair and reasonable price of a contract action.

- * **Synonyms:** *(2) Contract pricing.*
- * **Antonyms:** *None.*

15. PROCUREMENT ADMINISTRATIVE LEAD TIME (PALT)

a. Definition synthesis:

No published definitions for "procurement administrative lead time" were found during the literature research, although several definitions were identified for "procurement lead time". One definition stated that "procurement lead time" had three elements, the first being "administrative lead time". Another definition also stated there were three elements with the first element being "the time elapsing between initiating procurement action and the letting of the contract (or placing the order)". The meaning for PALT extracted from the definitions of "procurement lead time" matches the researcher's understanding of the term's usage based on studies and experience in the contracting field. The definition synthesized was:

PROCUREMENT ADMINISTRATIVE LEAD TIME: An element of Procurement Lead Time which measures the time interval between the initiation of a procurement action and the letting of the contract or placing of an order.

Synonyms: None.

Antonyms: None.

b. Results

Twenty of the thirty seven respondents concurred with the synthesized definition. An additional eight also concurred, but provided recommended changes. Eight did not agree with the definition and one respondent was unable to comment. Six comments indicated that the phrase "initiation

of a procurement action" needed clarification. Four respondents stated that it would be better to use "the time a request is received in the contracting office" instead of "initiation". There were also three individuals who commented that "letting" should be replaced by "award".

In revising the definition of PALT, "Leadtime" was divided into two words. This was deemed appropriate by the researcher since all of the published material reviewed used "lead time". In addition to the comments mentioned above, others included:

- * PALT is used by many agencies as a measure of contracting efficiency - contracting managers shouldn't be held accountable for PALT outside their office.
- * Add "which includes all regulation specific and agency required steps and processes".
- * I do not believe lead time has to be broken down into so many refined pieces. Add "award of contract" with the term contract being all inclusive of any size award, be it contract or purchase order.

The researcher agreed with the comments that said the "initiation of a procurement" should be clarified. The revised definition reflects the notion that PALT commences upon receipt of the request in the contracting office. In addition, based upon comments received, "letting of the contract" was changed to "award of a contract".

c. Proposed definition based upon responses:

PROCUREMENT ADMINISTRATIVE LEAD TIME (PALT)

The element of Procurement Lead Time (PLT) which measures the time interval between receipt of a procurement request in the contracting office and award of a contract.

* **Synonyms:** *None.*

* **Antonyms:** *None.*

16. Protest

a. Definition synthesis:

The term "protest" was not difficult to synthesize. Eight published definitions were identified, five of which addressed contracting specifically. The definitions synthesized were:

PROTEST: (1) A formal declaration of disapproval or objection by a concerned party.

(2) (Govt) A written objection by an interested party to a Government agency's (a) solicitation for offers for a proposed contract, (b) proposed award, or (c) contract award for the acquisition of supplies and services.

Synonyms: *None.*

Antonyms: *None.*

b. Results:

Twenty six of the thirty seven respondents found the synthesized definitions acceptable as working definitions. Eleven found the definition unacceptable. Four respondents stated that the first definition should be omitted since the focus should be on its use in the field of contracting. Other comments either attempted to add clarification or cited a preferred choice of wording. Comments generated on "protest"

included:

- * Redundant: Disapproval and objection (see dictionary!). Why is definition (1) necessary at all? Aren't we just concerned with Govt?
- * What's wrong with FAR definition?
- * Synonyms: GAO protest, agency protest. Antonyms: contract disputes and appeals.
- * Offerors can and do protest the method, procedure, and or results of evaluation of offers, including their own, at any time in the process, not only at point of award.
- * Protests are often initially received orally and are recognized by GAO as the start of the protest process. Antonym: bid confirmation.
- * Synonym: Bid protest
- * Any protest should come from an "interested" party - a concerned party could be anyone that doesn't like what the Govt is doing - i.e. special interest groups etc.
- * Add filed with the agency, GAO, or GSBICA. Synonym: Bid protest.
- * "An objection by a party as to the propriety of acts and omissions of one or more parties involved in an acquisition."

The definition was rewritten to take into account that a protest could also be based on the fact that an offeror

objected to the way their bid or proposal was evaluated. In addition, as a result of respondent comments, the generic definition for "protest" was omitted from the final proposed definition.

c. Proposed definition based upon responses:

PROTEST

A written objection by an interested party to an agency's (a) solicitation for offers for a proposed contract, (b) bid or proposal evaluation, (c) proposed award, or (d) contract award for the acquisition of supplies or services.

* **Synonyms:** *Bid protest.*

* **Antonyms:** *None.*

17. Remedy

a. Definition synthesis:

The term "remedy" was not difficult to synthesize since there were several published definitions found with the same meaning. However, only one published definition referred specifically to contracting. The definition was synthesized as:

REMEDY: (1) A legal means of preventing or correcting a wrong or enforcing a right.

(2) A right given to a party by law or by a contract which that party may exercise upon a default by the other contracting party, or upon the commission of a wrong by another party.

Synonyms: None.

Antonyms: None.

b. Results:

Twenty four of the thirty respondents indicated the synthesized definition was an acceptable working

definition. Seven of those made recommendations for minor changes. Six did not agree with the definition. Four of those that did not concur based their objection mainly on the wording of the definition and not so much on the meaning. Two comments expressed that a remedy was not always a legal right or action. One respondent stated "It can be a process or procedure and not necessarily given by law". The other respondent indicated that the mutual agreement of parties outside of the strict legal framework of a contract could result in a wider range of remedies and would only be limited by the parties' creativity. Additional comments included:

- ※ Delete "preventing". Syn: corrective action, relief
- ※ Change to read "or upon the commission of action prohibited by contract or omission of action required by contract". Change "default" to "breach" in 2 to be more exact. Synonym: relief Antonym: bar
- ※ # 1 is the dictionary definition and is good; # 2 is confusing. Use "a contractual means/vehicle to set right or rectify a wrong".
- ※ # 2 only is correct. # 1 is not a correct definition as written.
- ※ Use "breach" instead of "default".
- ※ Not clear what this adjective (legal) adds to the definition. Syn: cure, redress.
- ※ Synonyms: cure, recourse.

The researcher agrees with the position that a "remedy" does not necessarily have to be a "legal means" and omitted the statement from the definition. Also as recommended by respondents, "default" was changed to "breach".

c. Proposed definition based upon responses:

REMEDY

(1) A right to corrective action given by a contract which a party may exercise upon a breach by the other contracting party, or upon the commission of a wrong by another party.

(2) A means of correcting or preventing a wrong or enforcing a right.

* **Synonyms:** *Cure, relief.*

* **Antonyms:** *None.*

18. Salvage Value

a. Definition synthesis:

Several published definitions were identified, many of which were practically identical. The majority of the published definitions stated that salvage value was an amount in excess of scrap value. However, two definitions indicated that salvage value was the same as scrap. Due to the consensus of the published definitions indicating a value in excess of scrap, the researcher deemed it appropriate to include that aspect in the synthesized definition. Several questionnaire comments were anticipated concerning this area.

Also, it was considered appropriate to include a definition directed at the term's use in the accounting field. The definition was synthesized as:

SALVAGE VALUE: (1) Value of property which because of its worn, damaged, deteriorated, or incomplete condition, or specialized nature, has no reasonable prospect of sale or use as serviceable property without major repairs or alterations, and is in excess of scrap value.

(2) (tax law) Assumed value that business property will have at the end of its useful life.

Synonyms: None.

Antonyms: None.

b. Results:

The questionnaire did not generate as much controversy as the researcher had originally anticipated. However, five of the thirty respondents abstained from commenting on the definition's acceptability based upon their feeling that they were not qualified to comment. Twenty two respondents did agree with the synthesized definition, four of whom offered comments. Three respondents were not in agreement. Only two respondents questioned the difference between "salvage value" and "scrap value". Comments on the definition included:

- * "Abandoned" property could also be included.
- * Not sure about incomplete condition, add "obsolescence" as a reason.
- * Delete "and is in excess of scrap value". Salvage value has other value than its material content. Add "instead of scrap".
- * (1) means property has no resale value at the end of its life. (2) means the property does have resale value. (1) sounds like scrap value, but forces the

ending value to be higher without changing the scrap value.

* Synonym: residual.

The researcher did not find any responses of significance which warranted changing the definition. However, some of the wording was changed to make the definition read better.

c. Proposed definition based upon responses:

SALVAGE VALUE

*(1) Property that has some value in excess of its basic material content (scrap), but due to a worn, damaged, deteriorated, or incomplete condition, or specialized nature has no reasonable prospect for resale or use as serviceable property without major repairs or alterations.
(2) (tax law) Assumed value that business property will have at the end of its useful life.*

* Synonyms: None.

* Antonyms: None.

19. Target Profit

a. Definition synthesis:

The term "target profit" proved difficult to synthesize. The researcher was unable to find any published definitions for the term. However, literature review provided an adequate understanding of the term's usage and resulted in the following synthesized definition:

TARGET PROFIT: Negotiated element of the incentive formula of a fixed-price incentive (FPI) contract, to which the performance rewards or penalties are applied. The target profit is adjusted by the negotiated share formula to determine the final profit payable based on the final cost outcome.

Synonyms: None.
Antonyms: None.

b. Results:

Since there was limited literature which discussed "target profit", the researcher was pleasantly surprised at the positive response to the synthesized definition. Twenty three of the thirty respondents expressed agreement with the definition with seven opposing it. The comments were varied with no common discrepancy cited pertaining to the term's general meaning. Comments mainly provided recommendations for clarification and amplification. Comments received include:

- ※ May want to address pre-contract negotiation of factors versus contracted final settlements.
- ※ The definition seems to address the incentive portion more than the target.
- ※ Use "actual performance" and "actual cost outcome". One doesn't wait until final cost outcome to adjust profit (once target costs have been exceeded).
- ※ Add "and other elements in the incentive formula". The addition is needed to cover other possible elements of an FPI contract such as schedule and performance incentives.
- ※ My preference would be to avoid these terms (rewards or penalties) in the context.
- ※ "One of the five parameters in the pricing arrangement

of an FPIF contract. Target profit is the dollar amount the contractor will earn if actual cost of contract performance equals the negotiated target cost. If actual costs are lower or higher than the target cost, earned profit is computed by applying the negotiated share ratio to the target profit."

In rewriting the definition, the researcher omitted "rewards or penalties", as recommended by a respondent. Additionally, the recommendation to use "actual cost" in lieu of "final cost" was considered appropriate and was used in the revised definition.

c. Proposed definition based upon responses:

TARGET PROFIT

One of the negotiated elements of the incentive formula in a fixed-price incentive (FPI) contract which is used in computing final profit. Target profit is adjusted by an amount derived by applying the negotiated share formula to the difference between the target cost and actual cost.

※ Synonyms: None.

※ Antonyms: None.

20. Variable Cost

a. Definition synthesis:

The definition for "variable cost" was relatively simple to synthesize. Research revealed eight published definitions which were all very similar. In addition, the published definitions were consistent with the researcher's understanding of the term's usage. The definition was

synthesized as:

VARIABLE COST: A cost that varies directly and proportionally with the rate of production of goods or the performance of services

Synonyms: None.

Antonyms: None.

b. Results:

The questionnaire results for this definition were as expected. There was an overwhelming concurrence for its acceptability as a working definition. Twenty six of the thirty respondents were in agreement and four were not. Comments considered when writing the final proposed working definition include:

- * "A cost that fluctuates directly with the volume of goods produced or services performed."
- * "A cost applied to a unit of goods or services which remains constant per unit but who's total increases proportionally with the increase in number of units."
- * Antonyms: fixed cost, semi-variable cost.
- * Synonyms: cost per unit. Antonyms: fixed cost.
- * Use "volume" instead of "rate".

In addition, two respondents commented that costs did not necessarily have to change proportionally with the change in volume. The researcher agreed with these comments. An example of this is the concept of "economies of scale". These comments were taken into consideration when writing the revised definition. Also, "fluctuates" was used instead of

"varies" and "volume" was used instead of "rate". It is possible that someone could mistakenly take "rate" to mean speed of production instead of its intended reference to quantity.

c. Proposed definition based upon responses:

VARIABLE COST

A cost that fluctuates directly with the volume of goods produced or services performed.

* Synonyms: *None.*

* Antonyms: *Fixed cost*

21. Waste

a. Definition synthesis:

"Waste" was difficult to synthesize. Upon completion of literature research of published definitions, the researcher realized that "waste" could be used differently in the area of contracting and acquisition. One would be physical refuse material and another would be the act of using something carelessly. The definition synthesized for "waste" was:

WASTE: (1) Any useless or worthless by-product of a process or the like; refuse or excess material.

(2) To consume, or expend thoughtlessly or carelessly without giving full value or being fully utilized or appreciated.

(3) (Government) The extravagant, careless, or needless expenditures of Government funds or the consumption of Government property that results from deficient practices, systems, controls, or decisions. May also include improper practices not involving prosecutable fraud.

Synonyms: *None.*

Antonyms: *None.*

b. Results:

Twenty six of the respondents concurred with the synthesized definition, five of who provided recommended changes. Four indicated that the cited definition was not an acceptable working definition. Comments generated include:

- * I would leave out needless. There is almost always a need, but this varies according to the requirer's view of the need.
- * I question the term "excess material", you could use attrition.
- * Use "excess non-useable material".
- * In (2) and (3) your definition assumes waste is needless, careless, unnecessary. Wasted effort can also be part of normal, expected circumstances in doing business. It is unrealistic to think that all effort (and expenditures) are going to be productive and efficient. Some "waste" is inevitable.
- * I have the impression, as to (1), that "waste" may have no value as to the original purpose but may have some salvage value, as for instance "waste paper". Definition (2) seems imprecise and definition (3) has been used so promiscuously in the "fraud, waste and abuse" context that it seems to mean whatever the speaker wants it to mean.
- * This term should not be defined. It is not a technical

term and is often used subjectively.

- * Modify to read "careless, inefficient, or needless expenditure ...". Synon: (3) abuse. Anto: (1) requirement. (2) need. (3) efficient.

In addition to the comments above, two individuals stated the second definition should be deleted. However, the researcher considers this usage of "waste" quite appropriate in contracting. This position, together with the consensus received, prompted the researcher to include it in the final proposed definition.

c. Proposed definition based upon responses:

WASTE

(1) Any useless or worthless by-product of a process; refuse or excess non-useable material.

(2) To consume, or expend carelessly without appreciation for full value.

(3) As used in the Government phrase "Fraud, Waste and Abuse", waste is the extravagant, careless, or inefficient expenditure of Government funds or the consumption of Government property that results from inefficient practices, systems, controls, or decisions.

* Synonyms: *None.*

* Antonyms: *None.*

C. SUMMARY

Chapter III was dedicated to the analysis of the twenty one terms which were considered "non-controversial". The analysis focused on the development of the synthesized definitions and the feedback generated by the questionnaires with regard to those definitions. Comments and observations

received as a result of the questionnaires were used in writing the revised proposed definitions.

IV. CONCLUSIONS AND RECOMMENDATIONS

A. INTRODUCTION

This chapter will focus on the conclusions and recommendations established as a result of this research. In addition, the primary research question cited in Chapter I will be answered.

B. CONCLUSIONS

This researcher concurs with the conclusions made by the previous researchers in this area with the exception of one. Three previous researchers felt that the inclusion of synonyms and antonyms in the questionnaires were ignored by respondents and added little to the thesis. [Ref. 12: p. 52] [Ref. 14: p. 59] [Ref. 25: p.66] This researcher considered many of the responses directed at synonyms and antonyms were helpful and of benefit to the research. Many respondents did not address the synonyms and antonyms. However, there were several cases where the same synonyms and antonyms were recommended by different respondents. Another factor to consider, is that some of the terms simply don't have commonly accepted synonyms and antonyms. The following are the conclusions arrived at through this research and previous efforts.

1. The product of this thesis will add to the body of knowledge which makes up the contracting discipline.

[Ref. 25: p. 79] [Ref. 12: p. 51] [Ref. 14: p. 58]

[Ref. 24: p. 64]

The definitions proposed by this thesis, along with those provided by other theses in the joint project, will enable the establishment of a contracting dictionary of commonly accepted working definitions.

2. The observations of questionnaire respondents reflected a concern for the continued development of the contracting discipline. [Ref. 25: p. 79] [Ref. 12: p. 52] [Ref. 14: p. 59] [Ref. 24: p. 65]

The questionnaire generated several comments from respondents that expressed interest and support for the research. Some respondents requested information on how to obtain copies of the dictionary upon project completion. A few respondents even took the time and trouble to write a personal letter.

3. There is not universal agreement concerning the meaning of most contracting terms. [Ref. 25: p. 80] [Ref. 12: p. 52] [Ref. 14: p. 59] [Ref. 24: p. 65]

The researcher was quite surprised at the number of comments provided for what the researcher considered simple, "clear-cut" definitions. There were many instances where the respondent's understanding of a term's meaning and usage was completely different than that of the published definitions used to synthesize the definition.

4. The procedure used in this thesis to achieve consensus on term definitions as used in contracting is valid.

[Ref. 25: p. 80] [Ref. 12: p. 52] [Ref. 14: p. 59]

[Ref. 24: p. 65]

The researcher concluded that the procedure used was objective and unbiased in comparison to other possible methods. In the majority of the cases, objections to a synthesized definition were not founded on the basic meaning denoted by the definition. Instead, most of the disagreements were based on a different preferred choice of words or necessity for clarification or amplification. Those type comments proved essential in refining the definitions.

C. RECOMMENDATIONS

1. The definitions for the "non-controversial" terms cited in Chapter III should be included in the dictionary of acquisition and contracting terminology.

The definitions contained in Chapter III achieved a consensus as to their acceptability as working definitions. Additionally, none of the "non-controversial" terms generated comments that focused on a common major deficiency which could challenge the validity of the proposed definition.

2. The "controversial" terms contained in Chapter II should be resynthesized and redistributed in a second questionnaire.

The definitions considered "controversial" warrant

further research. Definitions should be resynthesized using additional literature review and information provided by this research. The resynthesized definitions should then be subjected to the same questionnaire process as was used in this research.

3. Continue to use five separate questionnaires which contain five terms each and mail each questionnaire to 100 CPCMs/CACMs.

This procedure generated what the researcher felt was an adequate amount of feedback necessary to effectively establish a consensus on acceptable working definitions. In addition, by soliciting feedback from 500 contracting professionals, this researcher believes a better representative sample is achieved which reduces susceptibility to possible biases.

D. PRIMARY RESEARCH QUESTION ANSWER

The primary research question entertained in this research was: To what extent can standard meanings be arrived at in the evolving field of contracting in which words are used with various meanings? This researcher is in complete agreement with the answer provided by LCDR Ryan in his thesis. His answer is quoted below because the answer could be stated in no better fashion.

A 100 percent agreement on an exact definition for any given contracting term is not likely to occur, but a definition which represents a consensus can occur with success as demonstrated by the results of this thesis. Definition consensus is realistically achievable in a

fixed amount of time utilizing published definitions and glossary "explanations" as the basis for synthesized definitions which can be subjected to criticism of a representative body of practitioners. [Ref. 25: p. 83]

A consensus as to acceptable working definitions can be achieved by contracting professionals. Also, the many positive comments provided by the questionnaires seemed to indicate support for the necessity of such a project. However, as LT Robinson aptly stated "There will always be dissenters among the group who don't think the process is worthwhile or even valid". [Ref. 24: p. 69]

E. GENERAL COMMENTS

This research proved not only beneficial to the continuing joint project, but also proved to be quite a learning experience for the researcher. Many of the questionnaire comments and personal letters were extremely interesting, several of which were quite humorous. Additionally, it was very apparent that many of the respondents were extremely knowledgeable and experienced in the contracting field.

F. SUMMARY

This chapter provided conclusions and recommendations made by the researcher with regard to this research effort. Hopefully, they will be of benefit to subsequent researchers involved in the effort to create a contracting dictionary of working definitions. In addition, the primary research question was answered.

REFERENCES

1. The American Heritage Dictionary of the English Language, Houghton Mifflin Company, 1976.
2. Armed Services Pricing Manual (ASPM), Department of Defense, 1986.
3. Arnavas, Donald P., Ruberry, William J., Government Contract Guidebook, Federal Publications, Washington, D.C., 1987.
4. Barlow, C. Wayne, Eisen, Glenn P., Purchasing Negotiations, CBI Publishing Company, Inc., Boston, MA, 1983.
5. Black's Law Dictionary with Pronunciations, Fifth Edition, West Publishing Co., St. Paul, MN, 1979.
6. Cannaday, John E., Determination of Baseline Definitions for Contracting Words and Phrases, Master's Thesis, Air Force Institute of Technology, Wright Patterson Air Force Base, OH, 1990.
7. Compendium of Authenticated Systems and Logistics Terms, Definitions, and Acronyms, Air Force Institute of Technology, Wright-Patterson Air Force Base, OH, 1981.
8. Definitions, Inspector General, Department of Defense, IG, DoD 5000.2-I, July 1987.
9. Desktop Guide to Basic Contracting Terms, Second Edition, National Contract Management Association, Vienna, VA, 1990.
10. The Dictionary of Purchasing Terms, Fourth Edition, The National Institute of Government Purchasing, Inc., Falls Church, VA, 1986.
11. Dobler, Donald W., Burt, David, N., Lee, Lamar Jr., Purchasing and Materials Management, Text and Cases, Fifth Edition, McGraw-Hill Publishing Company, New York, NY, 1990.
12. Downs, Daniel Lee, A Dictionary of Acquisition and Contracting

Terms, Master's Thesis, Naval Postgraduate School, Monterey, CA, 1989.

13. Federal Acquisition Regulation (FAR), Commerce Clearing House, Inc., Chicago, IL, June 1987.
14. Florek, Richard A., A Dictionary of Acquisition and Contracting Terms II, Master's Thesis, Naval Postgraduate School, Monterey, CA, 1989.
15. Garner, Bryan, A., A Dictionary of Modern Legal Usage, Oxford University Press, New York, NY, 1987.
16. Glossary, Defense Acquisition Acronyms and Terms, Defense Systems Management College, Fort Belvoir, VA, July 1987.
17. Kelley, P.A., Program Managers Notebook Fact Sheet, Number 6.2.3, Procurement Associates, Inc., Covina, CA, 1979.
18. Keyes, W. Noel, Keyes Encyclopedic Dictionary of Procurement Law, Oceana Publications, Dobbs Ferry, NY, 1978.
19. Keyes, W. Noel, Government Contracting in a Nutshell, West Publishing Co., St. Paul, MN, 1979.
20. Keyes, W. Noel, Government Contracting in a Nutshell, Second Edition, West Publishing Co., St. Paul, MN, 1990.
21. Oran, Daniel, Law Dictionary for Non-lawyers, West Publishing Co., St. Paul, MN, 1985.
22. Public Contract Law Journal, Volume 19, Number 1, American Bar Association, 1989.
23. The Random House Dictionary of the English Language, Second Edition, Random House Inc., New York, NY, 1987.
24. Robinson, Michael W., A Dictionary of Acquisition and Contracting Terms, Master's Thesis, Naval Postgraduate School, Monterey, CA, 1990.
25. Ryan, Daniel F., A Dictionary of Acquisition and Contracting Terms, Masters Thesis, Naval Postgraduate School, Monterey, CA, 1988.
26. Small Purchasing Professional Development Training Guide for Mid-Career Personnel, Naval Postgraduate School, Monterey, CA.
27. Sherman, Stanley N., Contract Management: Post Award,

Wordcrafters Publications, Gaithersburg, MD, 1987.

28. Whelan, John W., Cases and Materials on Federal Government Contracts, The Foundation Press, Inc., Mineola, NY, 1985.

APPENDIX A: PUBLISHED DEFINITIONS

This appendix provides the published definitions and excerpts from literature which were used to synthesize the definitions contained in the questionnaires.

ADEQUATE COMPETITION

- * (Adequate Price Competition) Price competition exists if offers are solicited and (A) at least two responsible offerors (B) who can satisfy the purchaser's (e.g., the Government's) requirements (C) independently contend for a contract to be awarded to the responsive and responsible offeror submitting the lowest evaluated price (D) by submitting priced offers responsive to the expressed requirements of the solicitation. [Ref. 18: p. 208] [Ref. 2: p. 2-5] [Ref. 13: p. 15-20] [Ref. 6: p. 118-119]
- * (Effective competition) Is a market condition which exists when two or more contractors, acting independently, actively contend for the Government's business in a manner which ensures that the Government will be offered the lowest cost or price alternative or best technical design meeting its minimum needs. [Ref. 6: p. 119]
- * (Effective competition) A market condition which exists when two or more responsible offerors acting independently contend for a contract which results in the buyer receiving either (1) the lowest evaluated cost or price alternative or (2) the optimal combination of technical design coupled with a cost effective price. [Ref. 6: p. 136]

APPEAL

- * Resort to a superior (i.e. appellate court) to review the decision of an inferior (i.e. trial) court or administrative agency. [Ref. 9: p. 12] [Ref. 5: p. 88]
- * Ask a higher court to review the actions of a lower court in order to correct mistakes or injustice. An appeal may also be taken from a lower level of an administrative agency to a higher level or from an agency to a court. [Ref. 21: p. 23]
- * A resort or application to some higher authority, as for sanction, corroboration, or a decision. [Ref. 1: p.62]
- * An application or proceeding for review by a higher tribunal. [Ref. 23: p. 101]

AWARD

- * Give or grant by formal process. For example, a jury awards damages, a company awards a contract to a bidder, and an arbitrator awards a decision to one side of a dispute. [Ref. 21: p. 32]
- * To grant, concede, or adjudge to. To give or assign by sentence or judicial determination or after careful weighing of evidence. Thus, a jury awards damages; the courts awards an injunction; one awards a contract to a bidder. To confer as being deserved or merited. [Ref. 5: p. 125]
- * Notification to bidder of acceptance of a bid. [Ref. 9:

CARDINAL CHANGE

- * Contract change having the effect of making the work as performed not essentially the same work as the parties bargained for when the contract was awarded, and thus constituting a breach by the Government. [Ref. 3: p. GL-4]
- * A change beyond the scope of the contract. [Ref. 9: p. 16]
- * Additions to end objectives or changes to a specification are so substantial that they alter the basic intent (scope) of the new contract. [Ref. 27: p. 320]
- * Modification beyond the general scope of the contract. [Ref. 19: p. 244]

COMMERCIAL ITEM DESCRIPTION

- * An item, including both supplies and services, of a class or kind that is regularly used for other than Government purposes and is sold or traded in the course of conducting normal business operations. [Ref. 9: p. 17] [Ref. 26: p. 431] [Ref. 2: p. B-2] [Ref. 8: p. 9] [Ref. 13: p. 15-21]
- * Those items required by the military services which are generally used throughout the civilian economy and which are available through normal commercial distribution channels. [Ref. 7: p. 134]
- * (Commercial Product) An item, material, component, or system sold to the general public in normal business at prices based on established catalogue or market prices. [Ref. 10: p. 6]

CONTINGENCY

- * Possible, but not assured; depending on some future events or actions (contingencies) that may or may not happen. [Ref. 21: p. 72]
- * Quality of being contingent or casual; the possibility of coming to pass; an event which may occur; a possibility; a casualty. A fortuitous event, which comes without design, foresight, or expectation. [Ref. 5: p. 290]
- * A possible future event or condition arising from presently known or suspected causes, the cost outcome of which is indeterminable at the present time. [Ref. 9: p. 19] [Ref. 2: p. B-3]
- * Future event or condition that depends on an uncertainty, hence the outcome cannot be determined. [Ref. 10: p. 7]
- * An event that may occur but that is not likely or intended. [Ref. 1: p. 288]
- * Dependence on chance or on the fulfillment of a condition; uncertainty; fortuitousness. [Ref. 23: p. 439]

CONTRACT CLAUSE

- * Single paragraph, sentence, or phrase. [Ref. 21: p. 55]
- * A distinct article, stipulation, or provision in a document. [Ref. 1: p. 248]
- * A distinct article or provision in a contract, treaty, will, or other formal or legal written document. [Ref. 23: p. 383]
- * A single paragraph or subdivision of a pleading or legal document, such as a contract, deed, will, constitution, or statute. [Ref. 5: p. 226]
- * Means a term or condition used in contracts or in both solicitation and contracts and apply after contract award or both before and after award. [Ref. 13: p. 52-1]

COST OBJECTIVE

- * A function, organizational subdivision, contract or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capitalized projects, etc. [Ref. 18: p. 78] [Ref. 9: p. 23] [Ref. 8: p. 15] [Ref. 16: p. 17] [Ref. 7: p. 182] [Ref. 2: p. B-4]
- * A pool, center, or area established for the accumulation of cost. Such areas include organizational units, functions, objects or items of expense, as well as ultimate cost objectives including specific grants, projects, contracts, and other activities. [Ref. 18: p. 78]
- * The cost of processes, products, jobs, capitalized projects, etc., for a selected unit of work; includes direct and indirect costs; identified for study by management. [Ref. 10: p. 8]

COST UNDERRUN

- * To run, pass, or go beneath. [Ref. 1: p. 1396]
- * A net change in contractual amount under that contemplated by a contract target price (FPI contract), estimated cost (any cost-reimbursement type contract), or redeterminable price (FPR contract), due to the contractor's actual costs being under target or anticipated contract costs, but not attributable to any other cause of cost growth (e.g., quantity changes, engineering changes, economic changes, or changes in estimates of program/project costs). [Ref. 9: p. 23] [Ref. 2: p. B-4] [Ref. 8: p. 15]
- * An instance of costing or spending less than estimated. [Ref. 1: p. 1396]

DE FACTO DEBARMENT

- * (Debarment) Actions taken to prevent public contractors (or potential contractors), from bidding on, being awarded, or continuing to perform Government contracts as a result of a statute or regulation. [Ref. 18: p. 91]

- * (de facto) Means "in fact, actual, a situation that exists in fact whether or not it is lawful." [Ref. 21: p. 84]
- * De facto debarment falls between a finding of nonresponsibility and debarment proceedings. It is intended to serve the purpose of bridging the gap between prolonged or excessive findings of nonresponsibility and formal debarment proceedings. [Ref. 20: p. 86-90]

DUAL SOURCE

- * Two contractors producing the same components or end items for the same program. [Ref. 8: p. 19] [Ref. 16: p. 25]

EXCUSABLE DELAY

- * Excusable delay protects contractors from penalties for delays that are beyond their control. Examples of excusable delay are: acts of God or the public enemy, acts of the Government in either its sovereign or contractual capacity, fire, flood, quarantines strikes, epidemics, unusually severe weather and freight embargoes. [Ref. 9: p. 28] [Ref. 13: p. 15-302]
- * Type of delay in contract performance which, in the absence of contractor control, fault, or negligence, will excuse delay and prevent a termination for default. [Ref. 3: p. GL-10]

FIRST ARTICLE

- * Preproduction models, initial production samples, test samples, first lots, or pilot samples submitted for testing and evaluation for conformance with specified contract requirements before or in the initial stages of production. [Ref. 9: p. 29] [Ref. 7: p. 293]
- * Used to identify a model, initial production sample, test sample, first lot, pilot lot, or pilot model produced by a contractor. Often used to specify the testing and evaluating requirement of a contract. [Ref. 10: p. 13]
- * A model unit, lot, or sample used for testing and determining conformance to specified contract requirements before or in the initial stage of production of a contract. [Ref. 6: p. 137]
- * A first article includes production samples, preproduction samples, preproduction models, test samples, test lots, pilot models, and pilot lots. Approval of the first article includes testing and evaluation of the article for conformance with specified contract requirements before or in the initial stage of production under a contract. Often called a preproduction sample, which must be approved before production is allowed to continue. [Ref. 6: p. 119-120]

FISCAL YEAR

- * Financial records year, not necessarily January through December. [Ref. 21: p. 129]
- * U.S. Government: 1 October to 30 September (12 months). [Ref. 8: p. 24]
- * A 12 month period for which an organization plans the use of its funds. [Ref. 1: p. 495]
- * The fiscal year for the Department of the Navy and of most agencies of the U.S. Government is the accounting period beginning 1 October and ending 30 September of the following calendar year. The fiscal year is designated by the calendar year in which it ends; for example, the fiscal year 1990 is the period beginning 1 October 1989 and ending 30 September 1990. [Ref. 26: p. A137]
- * Twelve month period for accounting purposes. [Ref. 7: p. 294]
- * The twelve months between one annual settlement of financial accounts and the next; term used for budgeting, etc. The fiscal year for the U.S. Government is October 1 to 30 September yearly. [Ref. 10: p. 13]
- * Any yearly period without regard to the calendar year, at the end of which a firm, government etc., determines its financial condition. [Ref. 23: p. 724]

FLOW-DOWN CLAUSES

- * The transfer and translation of prime contract requirements to subcontracts. [Ref. 9: p. 30]
- * Contract provisions making subcontractors subject to the same contractual obligations as prime contractors--contractors doing business directly with the procuring body. In this connection, it should be noted that subcontractors are sometimes required to indemnify a prime contractor in areas where the prime contractor has no similar obligation to the procuring body. [Ref. 18: p. 122]
- * Clauses from a prime contractor's Government contract that are incorporated in subcontracts. [Ref. 3: p. GL-12]

INDEPENDENT COST ESTIMATE

- * An estimate of program cost developed outside normal advocacy channels by a team which includes representation from cost analysis, procurement, production management, engineering, and program management. [Ref. 7: p. 341] [Ref. 16: p. 38] [Ref. 27: p. 438]
- * An estimate of the cost for goods and/or estimate of services to be procured by contract. Such estimates are prepared by Government personnel, i.e., independent of contractors. [Ref. 16: p. 38]
- * (Independence) The state or quality of being free from subjection or from the influence, control, or guidance of individuals, things, or situations. As applied to examining (auditing, investigative, inspection) officials

and their respective organizations, there is a responsibility for maintaining neutrality and exercising objectivity so that opinions, judgements, conclusions, and recommendations on examined allegations are impartial and shall be viewed as impartial by disinterested third parties. [Ref. 8: p. 27]

PRICING

- * The process of establishing the amount or amounts to be paid in return for goods or services. [Ref. 18: p. 208-209]
- * To fix or establish a price for. [Ref. 1: p. 1038]
- * The process of establishing the amount or amounts to be received or paid in return for providing goods and performing services. [Ref. 2: p. B-8] [Ref. 27: p. 440]
- * A series of actions directed toward making judgements regarding proposed prices. Includes steps to obtain, evaluate, assess, and verify cost and price information necessary to document the process. The purpose is to ascertain that prices are fair and reasonable prior to contract award. [Ref. 28: p. 433]

PROCUREMENT ADMINISTRATIVE LEAD TIME (PALT)

- * Procurement lead time applies to material to be obtained from any source outside the procuring department or from manufacture within the Department. It is composed of three elements: (1) The time elapsing between initiating procurement action and letting of the contract (or placing the order). (2) The time elapsing between letting of the contract (or placing the order) and manufacturing completion. (3) The time elapsing between completion of manufacture and receipt of the material into the system. [Ref. 8: p. 41]
- * The time interval from the date of the supply control study resulting in procurement action to the receipt of the first shipment in the supply system. It is comprised of the following elements: administrative lead time, production lead time, and delivery lead time. [Ref. 7: p. 544]

PROTEST

- * A written statement that one does not agree to the legality, justice, or correctness of a payment, but is paying it while reserving the right to get it back. [Ref. 21: p. 245]
- * Complaints by potential bidders (or proposers in negotiated procurements prior to contract award are termed "Protests". Typically they claim that (1) the technical evaluation of a proposal was not properly conducted, (2) the type of solicitation used was not in accordance with statute or regulations, (3) the low bidder was not qualified to perform the work, or (4) the

bidder who was awarded the contract was not responsive to the terms of the solicitation. [Ref. 18: p. 216]

- * Usually refers to a formal statement or action of dissent or disapproval. [Ref. 15: p. 445]
- * A formal declaration made by a person interested or concerned in some act about to be done, or already performed, whereby he expresses his dissent or disapproval, or affirms the act against his will. The object of such a declaration is generally to save some right which would be lost to him if his implied assent could be made out, or to exonerate himself from some responsibility which would attach to him unless he expressly negatived his assent. [Ref. 5: p. 1101]
- * To object to, especially in a formal statement. To express strong objection. A formal declaration of disapproval or objection issued by a concerned party. [Ref. 1: p. 1051-1052]
- * A complaint about a governmental administrative action or decision brought by a bidder or vendor to the appropriate administrative section, with the intention of receiving a remedial result. [Ref. 10: p. 24]
- * A written objection by an interested party to a solicitation by an agency for offers for a proposed contract for the acquisition of supplies or services or a written objection by an interested party to a proposed award or the award of such a contract. [Ref. 9: p. 40]
- * The written objection by one who would be economically affected by an agency's solicitation and award of a contract. [Ref. 20: p. 256]

QUALIFIED BIDDERS LIST (QBL)

- * A list of bidders who have had their products examined and tested and who have satisfied all applicable qualification requirements for that product or have otherwise satisfied all applicable qualification requirements. [Ref. 9: p. 41]
- * A bidder determined by a buying organization to meet minimum set standards of business competence, reputation, financial ability, and product quality for placement on the bidders list. [Ref. 10: p. 25]

REMEDY

- * Any remedial right to which an aggrieved party is entitled with or without resort to a tribunal. [Ref. 18: p. 229]
- * The way a right is enforced or satisfaction for a harm done is received. The means by which a violation of rights is prevented, redressed, or compensated. [Ref. 21: p. 262]
- * The rights given to a party by law or by contract which that party may exercise upon default by the other contracting party, or upon the commission of a wrong (a

tort) by another party. [Ref. 5: p. 1163]

- * A procedure or code providing means or methods whereby causes of action may be effected, wrongs readdressed, and relief obtained. [Ref. 10: p. 26]
- * Something that corrects any evil, fault, or error. A legal means of preventing or correcting a wrong or enforcing a right. [Ref. 1: p. 1100]

SALVAGE VALUE

- * Property which because of its worn, damaged, deteriorated, or incomplete condition, or because of its specialized nature, has no reasonable prospect of sale or use as serviceable property without major repairs or alterations but which has some value in excess of its scrap value. [Ref. 18: p. 236-237] [Ref. 7: p. 608]
- * Property that has some value in excess of its basic material content but which is in such condition that it has no reasonable prospect of use for any purpose as a unit and its repair or rehabilitation for use as a unit is clearly impractical. [Ref. 7: p. 608] [Ref. 10: p. 27]
- * Property that has some value in addition to its value as scrap, but which is no longer useful in its present condition as a unit and which could not economically be restored to usefulness as a unit. [Ref. 4: p. 182]
- * That value of an asset which remains after the useful life of the asset has expired. It is commonly equivalent to scrap value and must be deducted in computing depreciation. In business, any property which is no longer useful (e.g. obsolete equipment) but which has scrap value. [Ref. 5: p. 1202-1203]
- * In tax law, an assumed value that business property will have at the end of its useful life. [Ref. 21: p. 275]

TARGET PROFIT

- * Element of an FPI contract negotiated as part of the complete incentive formula between Government and contractor. It is the negotiated profit against which the performance rewards or penalties are applied. DOD use the weighted guidelines profit objective (DD1547) to establish a prenegotiation target profit. The target profit is adjusted by the formula negotiated between the Government and the contractor to determine final profit payable to the contractor base on the final cost outcome. [Ref. 17: p. 6.2.3b]

VARIABLE COST

- * A cost that changes with the rate of production of goods or the performance of services. [Ref. 2: p. 10] [Ref. 8: p. 57] [Ref. 9: p. 49] [Ref. 27: p. 445]
- * A cost that changes with the production quantity or the performance of services. This contrasts with fixed costs that do not change with production quantity or services

- performed. [Ref. 16: p. 88]
- * Cost that fluctuates directly with output changes. [Ref. 1: p. 1417]
 - * Costs that vary directly and proportionally with production quantity of a particular product. [Ref. 11: p. 246]
 - * Those costs which fluctuate with changes in output. [Ref. 7: p. 734]

WASTE

- * An abuse or destructive use of property by one in rightful possession. [Ref. 5: p. 1425]
- * To be consumed, spent, or employed uselessly or without giving full value or being fully utilized or appreciated. [Ref. 23: p. 2146]
- * Waste and refuse material which may have potential sales value, including, but not limited to, garbage, trap grease, bones, metal trimmings, cooked grease, corrugated kraft cardboard, and other types of waste paper. [Ref. 7: p. 740]
- * The extravagant, careless, or needless expenditures of Government funds or the consumption of Government property that results from deficient practices, systems, controls, or decisions. May also include improper practices not involving prosecutable fraud. [Ref. 8: p. 57]
- * Any useless or worthless by product of a process or the like; refuse or excess material. To use, consume, or expend thoughtlessly or carelessly; use to no avail. [Ref. 1: p. 1447]

APPENDIX B: COVER LETTER AND QUESTIONNAIRES

Appendix B contains the cover letter and the five questionnaires which were mailed to 500 CPCMs/CACMs.

CONTRACTING TERMINOLOGY QUESTIONNAIRE

The intent of this questionnaire is to solicit input from contracting professionals which will be used to refine the enclosed definitions into viable working definitions. The cited definitions were derived by the researcher from current literature and were synthesized into a narrative that reflects the terms' meanings conveyed in the published material.

This research is part of an ongoing effort by graduate students at the Naval Postgraduate School in Monterey, California, and the Air Force Institute of Technology at Wright Patterson Air Force Base in Dayton, Ohio. The purpose of the research effort is to establish working definitions for commonly used acquisition words and phrases. Upon project completion, the definitions will be compiled into a professional dictionary of acquisition and contracting terminology.

Please review each of the five definitions and indicate whether or not you feel it reflects a viable working definition.

Also, make any modifications you feel are appropriate - which might even include a rewrite of the entire definition. Please include a short explanation for the change in the comments section to give the researcher an understanding of your reasoning. Additionally, indicate in the provided space any synonyms or antonyms you feel are applicable. It is requested that you please return the completed survey in the enclosed stamped return envelope by

12 SEPTEMBER 1991.

Your participation in this research is greatly appreciated. If you need any further information, please contact LCDR Russ Roe at (408) 649-8207, or by writing to:

LCDR Russ Roe, SC, USN
SMC 1317
Naval Postgraduate School
Monterey, CA 93943

Questionnaire (A)

ADEQUATE COMPETITION

A market condition that exists when at least two responsible and responsive offerors independently contend for a contract which is to be awarded on the basis of either (1) the lowest evaluated price or (2) the optimal combination of lowest evaluated price and nonprice requirements.

SYNONYM: EFFECTIVE COMPETITION

Is this an acceptable working definition? Yes No
If no, please explain: _____

Revised definition/comments _____

SYNONYMS: _____

ANTONYMS: _____

APPEAL

Resort to a superior (i.e. appellate court) to review the decision of an inferior (i.e. trial) court or administrative agency.

Is this an acceptable working definition? Yes No
If no, please explain: _____

Revised definition/comments _____

SYNONYMS: _____

ANTONYMS: _____

AWARD

The formal acceptance of an offeror's bid or proposal.

Is this an acceptable working definition? Yes No
If no, please explain: _____

Revised definition/comments: _____

SYNONYMS: _____

ANTONYMS: _____

CARDINAL CHANGE

A change so substantial that it requires performance beyond the scope of the contract.

Is this an acceptable working definition? Yes No
If no, please explain: _____

Revised definition/comments: _____

SYNONYMS: _____

ANTONYMS: _____

COMMERCIAL ITEM DESCRIPTION

(1) Supplies or services required in a Government contract which are described as commercially available items. (2) Supplies or services regularly used for other than Government purposes and sold or traded to the general public in the course of normal business operations.

SYNONYM: OFF-THE-SHELF

Is this an acceptable working definition? Yes No
If no, please explain: _____

Revised definition/comments: _____

SYNONYMS: _____

ANTONYMS: _____

Questionnaire (B)

CONTINGENCY

A possible future event or condition arising from presently known, unknown, or suspected causes, for which the cost impact is indeterminable at the present time.

Is this an acceptable working definition? Yes No

If no, please explain: _____

Revised definition/comments _____

SYNONYMS: _____

ANTONYMS: _____

CONTRACT CLAUSE

A distinct article, stipulation, or provision in a contract.

SYNONYMS: CONTRACT PROVISION, TERMS AND CONDITIONS

Is this an acceptable working definition? Yes No

If no, please explain: _____

Revised definition/comments _____

SYNONYMS: _____

ANTONYMS: _____

COST OBJECTIVE

A function, organizational subdivision, contract, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, capitalized projects, and so forth.

Is this an acceptable working definition? Yes No

If no, please explain: _____

Revised definition/comments: _____

SYNONYMS: _____

ANTONYMS: _____

COST UNDERRUN

(1) A net change in contractual amount under that contemplated by a contract target price (FPI contract), estimated cost (any cost-reimbursement type contract), or redeterminable price (FPR contract), due to the contractor's actual costs being under target or anticipated contract costs - but not attributable to any other cause of cost decrease (e.g., quantity changes, engineering changes, economic changes, or changes in estimates of program/project costs. (2) An instance of costing or spending less than estimated.

SYNONYM: UNDER BUDGET

ANTONYM: COST OVERRUN

Is this an acceptable working definition? Yes No

If no, please explain: _____

Revised definition/comments: _____

SYNONYMS: _____

ANTONYMS: _____

DE FACTO DEBARMENT

Action taken by the Government to refuse contract award to a contractor, although not debarred, based on inadequate performance or nonresponsibility in a prior contract or contracts. This refusal to award has the same effect "as if" the contractor was debarred.

Is this an acceptable working definition? Yes No

If no, please explain: _____

Revised definition/comments: _____

SYNONYMS: _____

ANTONYMS: _____

Questionnaire (C)

DUAL SOURCE

Two contractors producing the same components or end items for the same program.

Is this an acceptable working definition? Yes No
If no, please explain: _____

Revised definition/comments _____

SYNONYMS: _____

ANTONYMS: _____

EXCUSABLE DELAY

A delay in contract performance which arises from causes beyond the control and without the fault or negligence of the contractor. Determination of such a delay protects the contractor from penalties and termination for default. Examples of excusable delay are: acts of God or the public enemy, acts of the Government in either its sovereign or contractual capacity, fire, flood, quarantines, strikes, epidemics, unusually severe weather and freight embargoes.

Is this an acceptable working definition? Yes No
If no, please explain: _____

Revised definition/comments _____

SYNONYMS: _____

ANTONYMS: _____

FISCAL YEAR (FY)

Twelve month period for accounting purposes, not necessarily January through December. U.S. Government fiscal year is October 1 to September 30 yearly.

SYNONYMS: ACCOUNTING YEAR, BUSINESS YEAR

Is this an acceptable working definition? Yes No
If no, please explain: _____

Revised definition/comments: _____

SYNONYMS: _____
ANTONYMS: _____

FIRST ARTICLE

A model unit, lot or sample used for testing and determining conformance to specified contract requirements before or in the initial stage of production of a contract.

SYNONYMS: INITIAL PRODUCTION SAMPLE, TEST SAMPLE, FIRST LOTS, PILOT MODELS, PILOT LOTS

Is this an acceptable working definition? Yes No
If no, please explain: _____

Revised definition/comments: _____

SYNONYMS: _____
ANTONYMS: _____

FLOW-DOWN CLAUSES

Contract clauses which subject subcontractors to the same contractual obligations as prime contractors.

Is this an acceptable definition? Yes No
If no, please explain: _____

Revised definition/comments: _____

SYNONYMS: _____
ANTONYMS: _____

Questionnaire (D)

INDEPENDENT COST ESTIMATE

A cost estimate prepared by an impartial body outside the chain of authority responsible for acquiring or using the goods or services.

Is this an acceptable working definition? Yes No

If no, please explain: _____

Revised definition/comments _____

SYNONYMS: _____

ANTONYMS: _____

PRICING

(1) The process of establishing the amount (a) to be paid in return for receiving goods or services or (b) to be received in return for providing goods or services. (2) A series of actions directed toward making judgements regarding proposed prices. Includes steps to obtain, evaluate, assess, and verify cost and price information necessary to document the process. The purpose is to ascertain that prices are fair and reasonable prior to contract award.

SYNONYM: (2) CONTRACT PRICING

Is this an acceptable working definition? Yes No

If no, please explain: _____

Revised definition/comments _____

SYNONYMS: _____

ANTONYMS: _____

PROCUREMENT ADMINISTRATIVE LEADTIME (PALT)

An element of Procurement Lead Time which measures the time interval between the initiation of a procurement action and the letting of the contract or placing of an order.

Is this an acceptable working definition? Yes No

If no, please explain: _____

Revised definition/comments: _____

SYNONYMS: _____

ANTONYMS: _____

PROTEST

(1) A formal declaration of disapproval or objection by a concerned party. (2) (Government) A written objection by an interested party to a Government agency's (a) solicitation for offers for a proposed contract, (b) proposed award, or (c) contract award for the acquisition of supplies and services.

Is this an acceptable working definition? Yes No

If no, please explain: _____

Revised definition/comments: _____

SYNONYMS: _____

ANTONYMS: _____

QUALIFIED BIDDERS LIST (QBL)

A list of bidders who have been determined responsible and whose product has met all applicable qualification requirements for that product.

Is this an acceptable working definition? Yes No

If no, please explain: _____

Revised definition/comments: _____

SYNONYMS: _____

ANTONYMS: _____

Questionnaire (E)

REMEDY

(1) A legal means of preventing or correcting a wrong or enforcing a right. (2) A right given to a party by law or by a contract, which that party may exercise upon a default by the other contracting party, or upon the commission of a wrong by another party.

Is this an acceptable working definition? Yes No
If no, please explain: _____

Revised definition/comments _____

SYNONYMS: _____

ANTONYMS: _____

SALVAGE VALUE

(1) Value of property which because of its worn, damaged, deteriorated, or incomplete condition, or specialized nature, has no reasonable prospect of sale or use as serviceable property without major repairs or alterations, and is in excess of scrap value. (2) (tax law) Assumed value that business property will have at the end of its useful life.

Is this an acceptable working definition? Yes No
If no, please explain: _____

Revised definition/comments _____

SYNONYMS: _____

ANTONYMS: _____

VARIABLE COST

A cost that varies directly and proportionally with the rate of production of goods or the performance of services.

Is this an acceptable working definition? Yes No
If no, please explain: _____

Revised definition/comments: _____

SYNONYMS: _____

ANTONYMS: _____

TARGET PROFIT

Negotiated element of the incentive formula of a fixed-price incentive (FPI) contract, to which the performance rewards or penalties are applied. The target profit is adjusted by the negotiated share formula to determine the final profit payable based on the final cost outcome.

Is this an acceptable working definition? Yes No

If no, please explain: _____

Revised definition/comments: _____

SYNONYMS: _____

ANTONYMS: _____

WASTE

(1) Any useless or worthless by-product of a process or the like; refuse or excess material. (2) To consume, or expend thoughtlessly or carelessly without giving full value or being fully utilized or appreciated. (3) (Government) The extravagant, careless, or needless expenditures of Government funds or the consumption of Government property that results from deficient practices, systems, controls, or decisions. May also include improper practices not involving prosecutable fraud.

Is this an acceptable working definition? Yes No

If no, please explain: _____

Revised definition/comments: _____

SYNONYMS: _____

ANTONYMS: _____

APPENDIX C: PROPOSED DEFINITIONS

This appendix contains the proposed definitions for the 25 terms which were researched in this thesis.

ADEQUATE COMPETITION

A market condition that exists when at least two responsive and responsible offerors independently contend for a contract which is to be awarded on the basis of either (1) the lowest evaluated price or (2) or combination of price and other predetermined factors.

* **Synonyms:** *Effective competition.*

* **Antonyms:** *None.*

APPEAL

Application to a higher authority to review the final decision of a contracting officer, administrative agency, or lower court.

* **Synonyms:** *None.*

* **Antonyms:** *None.*

AWARD

- (1) The formal acceptance of an offeror's bid or proposal.*
- (2) Notification of intent to give a contract.*
- (3) Transmittal of advance authorization to proceed (e.g. letter contract).*

* **Synonyms:** *None*

* **Antonyms:** *None*

CARDINAL CHANGE

A change which involves performance outside the scope of the contract.

* **Synonyms:** *Out-of-scope change.*

* **Antonyms:** *None.*

COMMERCIAL ITEM DESCRIPTION

A written statement of a commercially available supply or service identified in a Government bid or proposal request.

* **Synonyms:** *None.*

* **Antonyms:** *Government specification.*

CONTINGENCY

A possible future event or condition arising from presently known, unknown, or suspected causes which may

impact such contractual items as cost, schedule, quantity, performance, or other contract elements.

* **Synonyms:** *None.*

* **Antonyms:** *None.*

CONTRACT CLAUSE

A distinct article, stipulation, or provision in a contract which regulates contract performance or instructs the contracting parties concerning the contractual agreement.

* **Synonyms:** *Terms and conditions, contract provision.*

* **Antonyms:** *None.*

COST OBJECTIVE

(1) A function, organizational subdivision, contract, or other work unit for which cost data is desired and for which provision is made to accumulate and measure the cost of processes, products, capitalized projects, and so forth.

(2) Cost goal established for the completion of an element of work.

(3) Goal established for contract cost to be achieved during contract negotiations.

* **Synonyms:** *(1) Cost center
(2) Cost goal
(3) Target cost*

* **Antonyms:** *None*

COST UNDERRUN

An instance where the actual cost of performing a defined task is less than that originally estimated or established. In the case of a contract, cost underrun is the net change in the contractual amount which results from the actual performance cost being less than the contract target price (FPI contract), estimated cost (cost-reimbursement type contract), or redeterminable price (FPR contract). However, situations where reduced contract cost or price result from changes in contract terms and conditions and/or contractual amendments (e.g. changes in quantity; changes in specifications; changes in Government furnished property) are not considered cost underruns.

* **Synonyms:** *Under Budget.*

※ Antonyms: *Cost Overrun.*

DE FACTO DEBARMENT

An illegal action taken by the Government to prevent contract award to a contractor who is not officially debarred based on such reasons as previous inadequate performance or previous non-responsibility. Such actions include, but are not limited to: award denial; refusal to solicit or provide solicitation copies; refusal to accept or consider bids or proposals.

※ Synonyms: *None*

※ Antonyms: *None*

DUAL SOURCE

Two independent contractors intentionally developed to produce similar or identical components or end items in order to foster competition and/or enhance the industrial base.

※ Synonyms: *Multi-source, second source*

※ Antonyms: *Sole source, single source*

EXCUSABLE DELAY

An unforeseeable event which inhibits contract performance and arises from causes beyond the control and without the fault or negligence of the contractor. A determination that such an event is excusable normally protects the contractor from penalties and termination for default.

※ Synonyms: *Force majeure.*

※ Antonyms: *Unexcusable delay.*

FIRST ARTICLE

A model unit, lot, or sample manufactured under normal production conditions either before or during the initial stages of contract production, which is used to test for contract conformance.

※ Synonyms: *Preproduction sample, initial production sample, test sample, first lot, pilot model, pilot lot.*

※ Antonyms: *None*

FISCAL YEAR

Twelve month period established for the purposes of accounting, finance, and taxation; not necessarily concurrent with the calendar year.

* *Synonyms: Accounting year, business year.*

* *Antonyms: None.*

FLOW-DOWN CLAUSES

Contract clauses required to be included in subcontracts which subject subcontractors to the same obligations as prime contractors or higher tier subcontractors.

* *Synonyms: None.*

* *Antonyms: None.*

INDEPENDENT COST ESTIMATE

A cost estimate developed outside the normal advocacy channels, independent of any cost information provided by the offeror, and used for the purpose of comparing with bids or proposals. Preparation of independent cost estimates generally includes representation from the areas of cost analysis, procurement, production management, engineering, and program management.

* *Synonyms: Independent Government Cost Estimate (IGCE)*

* *Antonyms: None*

PRICING

(1) The process of establishing the amount (a) to be paid in return for receiving goods or services or (b) to be received for providing goods or services.

(2) A series of actions used to develop or evaluate proposed prices which include steps to obtain, assess, and verify cost or pricing information, comparison to other offers received, use of historical pricing, independent cost estimates, or analysis of catalog prices. The purpose is to assist in determining the fair and reasonable price of a contract action.

* *Synonyms: (2) Contract pricing.*

* *Antonyms: None.*

PROCUREMENT ADMINISTRATIVE LEAD TIME (PALT)

The element of Procurement Lead Time (PLT) which measures

the time interval between receipt of a procurement request in the contracting office and award of a contract.

* **Synonyms:** *None.*

* **Antonyms:** *None.*

PROTEST

A written objection by an interested party to an agency's (a) solicitation for offers for a proposed contract, (b) bid or proposal evaluation, (c) proposed award, or (d) contract award for the acquisition of supplies or services.

* **Synonyms:** *Bid protest.*

* **Antonyms:** *None.*

QUALIFIED BIDDERS LIST (QBL)

A list of potential bidders whose products have been determined to meet all applicable qualification requirements prior to and independent of any specific acquisition action.

* **Synonyms:** *Pre-qualified bidders list*

* **Antonyms:** *None.*

REMEDY

(1) A right to corrective action given by a contract which a party may exercise upon a breach by the other contracting party, or upon the commission of a wrong by another party.

(2) A means of correcting or preventing a wrong or enforcing a right.

* **Synonyms:** *Cure, relief.*

* **Antonyms:** *None.*

SALVAGE VALUE

(1) Property that has some value in excess of its basic material content (scrap), but due to a worn, damaged, deteriorated, or incomplete condition, or specialized nature has no reasonable prospect for resale or use as serviceable property without major repairs or alterations.

(2) (tax law) Assumed value that business property will have at the end of its useful life.

* **Synonyms:** *None.*

※ Antonyms: *None.*

TARGET PROFIT

One of the negotiated elements of the incentive formula in a fixed-price incentive (FPI) contract which is used in computing final profit. Target profit is adjusted by an amount derived by applying the negotiated share formula to the difference between the target cost and actual cost.

※ Synonyms: *None.*

※ Antonyms: *None.*

VARIABLE COST

A cost that fluctuates directly with the volume of goods produced or services performed.

※ Synonyms: *None.*

※ Antonyms: *Fixed cost*

WASTE

(1) Any useless or worthless by-product of a process; refuse or excess non-useable material.

(2) To consume, or expend carelessly without appreciation for full value.

(3) As used in the Government phrase "Fraud, Waste and Abuse", waste is the extravagant, careless, or inefficient expenditure of Government funds or the consumption of Government property that results from inefficient practices, systems, controls, or decisions.

※ Synonyms: *None.*

※ Antonyms: *None.*

INITIAL DISTRIBUTION LIST

- | | | |
|----|--|---|
| 1. | Defense Technical Information Center
Cameron Station
Alexandria, VA 22304-6145 | 2 |
| 2. | Defense Logistics Studies Information Exchange
U. S. Army Logistics Management Center
Fort Lee, VA 23801 | 2 |
| 3. | Library, Code 052
Naval Postgraduate School
Monterey, CA 93943-5002 | 2 |
| 4. | Dr. David V. Lamm, Code AS/LT
Department of Administrative Sciences
Naval Postgraduate School
Monterey, CA 93943-5000 | 3 |
| 5. | LCDR Russell G. Roe, SC, USN
446 Eastern Circle
Radcliff, KY 40160 | 1 |

Thesis

R6755 Roe

c.1 A dictionary of
acquisition and con-
tracting terms.

DUDLEY KNOX LIBRARY



3 2768 00018338 8